

EXHIBIT C

**BRENDA SPAHN'S
DEPOSITION**

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

TRACI L. JONES,)
)
Plaintiff,)
)
vs.) CV-02-HGD-3112-M
)
FREEDOM RAIN, TLC)
d/b/a THE LOVELADY)
CENTER, and BRENDA)
SPAHN,)
)
Defendant.)

DEPOSITION OF BRENDA LOVELADY SPAHN
10:15 A.M.
APRIL 10, 2009

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 2 <p>STIPULATIONS</p> <p>IT IS STIPULATED AND AGREED by and between the parties through their respective counsel that the deposition of BRENDA LOVELADY SPAHN, a witness in the above-entitled cause, may be taken before Deborah K. Munago, a Notary Public for the State of Alabama, at 2015 1st Avenue North, Birmingham, Alabama, on the 10th day of April, 2009, commencing at 10:15 a.m., pursuant to the Federal Rules of Civil Procedure.</p> <p>IT IS FURTHER STIPULATED AND AGREED that the signature to and the reading of the deposition by the witness is waived, the deposition to have the same force and effect as if full compliance had been had with all laws and rules of court relating to the taking of the depositions.</p>	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 4 <p>APPEARANCES</p> <p>For The Plaintiff: Thomas F. Talty ATTORNEY AT LAW 2015 1st Avenue North Birmingham, Alabama 35203 Taltylaw@bellsouth.net</p> <p>For The Defendant: David R. Donaldson DONALDSON & GUIN, LLC 505 20th Street North, Suite 1000 Birmingham, Alabama 35203</p> <p>Reported by: Deborah K. Munago MUNAGO REPORTING SERVICES Deb@munagoreporting.com 205-862-0089</p>
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 3 <p>STIPULATIONS (continued)</p> <p>IT IS FURTHER STIPULATED AND AGREED that it shall not be necessary for any objections to be made by counsel to any questions except as to form or leading questions, and that counsel for the parties may make objections and assign grounds at the time of trial or at the time said deposition is offered in evidence or prior thereto.</p>	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Page 5 <p>INDEX</p> <p>Examination by Mr. Talty.....Page 6</p> <p>EXHIBITS</p> <p>Plaintiff's Exhibit No. 1 33 Marked for identification</p> <p>Plaintiff's Exhibit No. 2 151 Marked for identification</p> <p>Plaintiff's Exhibit No. 3 151 Marked for identification</p> <p>Plaintiff's Exhibit No. 4 152 Marked for identification</p>

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1 I, Deborah K. Munago, a Registered 2 Professional Reporter and Notary Public for 3 the State of Alabama, acting as commissioner, 4 certify that there came before me at 2015 1st 5 Avenue North, Birmingham, Alabama, on April 6 10, 2009, beginning at 10:15 a.m., BRENDA 7 LOVELADY SPAHN, a witness in the above cause, 8 for oral examination, whereupon the following 9 proceedings were had:	1 You are not taking any 2 medications that would affect your ability to 3 recall events? 4 A. No. 5 Q. All right. Do you -- have you 6 always gone by the name you just gave us, 7 which, I believe, is Brenda Lovelady Spahn? 8 A. No. I was married before. 9 Q. Okay. What was your name then? 10 A. Brenda Lovelady Shiflett. 11 Q. What was your maiden name? 12 A. Lovelady, Brenda K. Lovelady. 13 Q. Okay. What's your Social 14 Security number? 15 A. [REDACTED] 16 Q. And your date of birth? 17 A. [REDACTED] 18 Q. And do you have a cell phone? 19 A. [REDACTED] 20 Q. Now, was that the same cell phone 21 number that you had between June of 2006 22 until about August of 2007? 23 A. Yes.
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1 these things are tough, but they are not 2 intended to be torture sessions for you. So 3 if you need to take a break, just let me 4 know. 5 A. Okay. 6 Q. Is there any reason today why I 7 couldn't expect your answers to be the truth, 8 the whole truth, and nothing but the truth? 9 A. No. 10 Q. You understand your testimony 11 today is under oath? 12 A. Yes. 13 Q. And if it were not truthful, it's 14 subject to the penalty of perjury? 15 A. Yes. 16 Q. Which in federal cases, it's a 17 penalty up to five years? 18 A. Yes. 19 Q. I advise everybody of that. It's 20 not just you. So I want you to know that I'm 21 not picking on you. Just want folks to know 22 this is important to you. It's also 23 important to my client, Traci Jones.	1 Q. Do you have any other cell phones 2 that you use? 3 A. No. 4 Q. What is your office number? 5 A. [REDACTED] 6 Q. Where is that office? 7 A. 7916 2nd Avenue South. 8 Q. Now, is that part of Freedom 9 Rain? 10 A. Yes. 11 Q. Do you have any other offices? 12 A. No. 13 Q. Do you have any other phone 14 numbers? 15 A. Home phone number. 16 Q. What is that? 17 A. Okay. I just got Vonage, and 18 they gave me a new number. And I don't 19 remember it. 20 Q. Did you have that number during 21 the time period of June 2006 through 2007? 22 A. No. I have only had it about a 23 week. I think it's [REDACTED]

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1	Q. And do you have a work e-mail	1 that?
2	address?	2 A. B-E-A-U.
3	A. Yes.	3 Q. And his last name is?
4	Q. What is that?	4 A. Gregory.
5	A. [REDACTED]	5 Q. And he's your son?
6	Q. Do you have a personal e-mail	6 A. Yes.
7	address other than that?	7 Q. And Matthew?
8	A. No.	8 A. Gregory.
9	Q. That's the only e-mail address	9 Q. Son also?
10	you have?	10 A. Yes.
11	A. Yes, sir.	11 Melinda Megahee. She's Matthew's
12	Q. You said you were married	12 twin.
13	previously to a Mr. Shiflett?	13 Q. And Miranda?
14	A. Yes.	14 A. Shiflett -- oh, I'm sorry --
15	Q. Is he still alive?	15 Williamson.
16	A. Yes.	16 Q. Okay. And [REDACTED]?
17	Q. What is his name?	17 A. Spahn.
18	A. Michael.	18 Q. And now, [REDACTED] and [REDACTED] are they
19	Q. Does he have a middle initial?	19 children, young kids?
20	A. T.	20 A. Yes. They are 13 and 11. And
21	Q. Does he reside in this area, or	21 they have actually taken Spahn as their name.
22	do you know where he resides?	22 Q. Now, did you have a child by
23	A. Africa.	23 Mr. Gregory? Is that --
Page 11		Page 13
1	Q. That's interesting.	1 A. Three kids.
2	A. But he is in the United States,	2 Q. Okay. Were you -- were you
3	some in Florida, but I don't know his	3 married to Mr. Gregory?
4	address.	4 A. Yes. This was when I was a
5	Q. Okay. Do you know where he	5 teenager, years and years ago.
6	resides in Africa?	6 Q. Okay. What was Mr. Gregory's
7	A. No. South Africa. Maybe the	7 name?
8	Congo. It's on the coast. I don't remember.	8 A. Cecil.
9	Q. So you don't see him very often?	9 Q. Do you know his middle initial?
10	A. I haven't seen him in years.	10 A. L.
11	Q. Now, who is your present husband?	11 Q. Do you know where he resides?
12	A. Jeff Spahn.	12 A. Atlanta, Georgia.
13	Q. Does he have a middle initial?	13 Q. Do you know the street address?
14	A. T.	14 A. No.
15	Q. Do you have any children?	15 Q. Do you know his phone number?
16	A. Yes. I've got a lot of kids.	16 A. No.
17	Q. You have a lot of kids?	17 Q. Do you know what he does for a
18	A. Yes.	18 living?
19	Q. Who are your children?	19 A. He's retired.
20	A. Beau, Matthew, Melinda, Miranda,	20 Q. That's a good thing to be
21	[REDACTED], and two foster kids now, [REDACTED] and	21 nowadays.
22	[REDACTED]	22 Can you tell me, first of all,
23	Q. Now, is Beau -- how does he spell	23 where you live now?

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1 A. [REDACTED]		1 years.
2 Q. How long have you lived there?		2 Q. And who was your supervisor?
3 A. Four years.		3 A. I really didn't have one.
4 Q. Where did you live before that?		4 Melinda was the -- my daughter was the E --
5 A. [REDACTED]		5 ERO. Is that what you call them? I forget
6 Trussville.		6 what they call them.
7 Q. Do you know that address?		7 Q. I'm not sure what --
8 A. No, I don't remember.		8 A. It's a representative that does
9 Q. How long did you live there?		9 electronic filing. And she -- she -- she
10 A. About a year.		10 owned -- she owned Tax Max. It was like fast
11 Q. And where did you live before		11 refunds for her.
12 that?		12 Q. So Melinda owned that?
13 A. [REDACTED]		13 A. Yes.
14 Q. How long did you live at		14 Q. Did anyone else own it with her?
15 Hob Hill Road at that time?		15 A. I don't think so.
16 A. Twelve years.		16 Q. And you're referring to
17 Q. Where do you work presently?		17 Melinda Megahee?
18 A. The Lovelady Center.		18 A. Yes.
19 Q. How long have you worked there?		19 Q. Did you work any place else
20 A. Four and a half years.		20 during that 20 years other than Excell?
21 Q. Where did you work before that?		21 A. No.
22 A. Excell Financial.		22 Q. Okay. Where did you work before
23	Tax Max?	23 Tax Max?
Page 15		Page 17
1 Q. How long did you work for Excell	1 A. Well, Tax Max was taxes.	
2 Financial?	2 Q. Right.	
3 A. About five years.	3 A. I don't know exactly what year	
4 Q. And are they still in business?	4 they called it Tax Max. But prior to that, I	
5 A. No.	5 just did taxes on my own, independently. So	
6 Q. When did they go out of business;	6 I'm not exactly sure of the date they	
7 do you remember?	7 incorporated that. And I did it inside --	
8 A. It was my husband's company. I	8 under that. But before that, I did taxes all	
9 don't remember. He dissolved the corporation	9 those years.	
10 maybe a couple of years ago.	10 Q. And Did you do that under your	
11 Q. Was that Jeff Spahn?	11 name?	
12 A. Yes.	12 A. Yes.	
13 Q. What did Excell Financial do?	13 Q. Brenda Spahn?	
14 A. Mortgages and real estate	14 A. Yes. Or Shiflett.	
15 investments.	15 And before that, it was Internal	
16 Q. And where did you work before	16 Revenue. And that was --	
17 Excell Financial?	17 Q. But that name's taken.	
18 A. Tax Max. But I worked at Excell	18 A. Yeah. I think it was	
19 and Tax Max some at the same time.	19 30-something years ago. I don't remember	
20 Q. Other than the five years that	20 exactly. Matthew is 32, and they were babies	
21 you worked at Excell Financial, how many	21 when I left. So it was about 33 years ago.	
22 years did you work at Tax Max?	22 Q. Okay. Now, when you said	
23 A. Probably about 20-something	23 Internal Revenue, was that the name of a	

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1 company? 2 A. No, no, no. I worked for 3 Internal Revenue Service. 4 Q. Oh, you actually worked for 5 the -- 6 A. Yes. 7 Q. I thought you were telling me the 8 name of a -- 9 A. No, no, no, no. For Internal 10 Revenue Service. 11 Q. Okay. And what did you do for 12 the IRS? 13 A. I was a taxpayer representative. 14 Q. And that was about 32 years ago? 15 A. Yeah. Give or take a few months. 16 Q. I understand. So you have done a 17 lot -- you've done a lot of tax work -- 18 A. Right. 19 Q. -- before working for the 20 Lovelady Center? 21 A. Yes. 22 Q. And did you sell anything? Real 23 estate -- did you sell real estate and	1 colors if they were down on the coast. 2 Q. Okay. And you say you did -- you 3 painted houses and were paid for that as well 4 as mortgages and -- 5 A. No, not paint them. Decorate. 6 Q. Decorate. Interior decoration? 7 A. Interior design, yes. 8 Q. Okay. Did you sell anything else 9 we haven't covered? Mortgages, real estate, 10 interior design work, taxes? 11 A. I can't think of anything. 12 Q. Do any of the children that you 13 mentioned work for Freedom Rain -- and I 14 guess before you answer that, let me be sure 15 I've got this straight. 16 The organization you work for, 17 what is its exact name? 18 A. Freedom Rain. An attorney did 19 it. I think he did -- I think it's Freedom 20 Rain Ministry or Freedom Rain Outreach. That 21 is the ministry. I will have to give you 22 that exact -- 23 Q. So You think the formal name is
1 mortgages? 2 A. Some. But that's predominantly 3 my husband. Mine was doing the tax -- 4 managing the tax office, working with 5 Melinda. She actually managed it. I do a 6 lot -- I did a lot of marketing for it. I, 7 more or less, did marketing rather than the 8 actual investment. I don't even know how to 9 do a mortgage. 10 Q. Did y'all -- the organization 11 with your husband and yourself, did y'all 12 sell anything other than mortgages and real 13 estate? 14 A. Yeah. My husband had sold real 15 estate for years in California and Texas, and 16 when we moved to Alabama, he bought and sold 17 real estate and invests. 18 Now, when Jeff was buying and 19 selling houses, and what I did was -- I'm an 20 artist. I like to paint and decorate, so I 21 did some of that on the houses. But I did -- 22 most of them, I actually didn't even see. 23 But occasionally, I would do something with	1 Freedom Rain Ministry? 2 A. That's the ministry. That's 3 501c3. 4 Q. Is Freedom Rain Ministry? 5 A. Or Freedom Rain Outreach. I know 6 you're looking for the exact name, and I 7 don't -- it's a legal name, and I'm not sure 8 exactly what he had. Melinda did that. I 9 very seldom deal with all that kind of stuff. 10 Q. Okay. Now, you say that's the 11 ministry. What else is there that's not a 12 ministry? 13 A. Nothing. 14 Q. Okay. And so you work for either 15 Freedom Rain Ministries or Freedom Rain 16 Outreach? 17 A. Whichever it is. Which the 18 Lovelady Center is the program for women. 19 Everybody gets that confused because they 20 think we're just the Lovelady Center, but the 21 501(c)(3) is the parent ministry. 22 Q. So the Lovelady Center is part -- 23 do you mind if I call Freedom Rain Ministries
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1 or Freedom Rain Outreach just Freedom Rain?	1 I want you to think about things. But if you
2 A. That's what I call it. That's	2 don't recall, that's fine, too.
3 why I don't know the third word.	3 A. I don't know. Very seldom do I
4 Q. Let's do that in this deposition	4 deal with the money part.
5 so we don't get confused.	5 Q. You -- now, you say you went to
6 So Lovelady Center program,	6 work for the Lovelady Center about four and a
7 that's part of Freedom Rain Ministries;	7 half years ago. You mean you went to work
8 that's a program of --	8 for Freedom Rain Ministries about four and a
9 A. Yeah. What happened it's a --	9 half years ago?
10 it's a ladies ministries, and somehow	10 A. Yes.
11 everybody just picked up on the name	11 Q. Okay. Was it called Freedom Rain
12 Lovelady. And they don't -- that was never	12 Ministries at that time?
13 the intention. The program is Lovelady, but	13 A. Yes. It was not called Lovelady.
14 I guess everybody just likes the name, so	14 It was Freedom Rain.
15 everybody calls it Lovelady.	15 Q. Now, you mentioned, a minute ago,
16 Q. Okay. The program is Lovelady.	16 Freedom Rain, it was -- Freedom Rain
17 Is the Lovelady Center a building?	17 Ministries was a 501(c)(3). Do you know if
18 A. Yes. It's that building.	18 it was a 501(c)(3) between June of 2006 and
19 Q. Which building is that?	19 August of 2007?
20 A. 7916 2nd Avenue South. It's the	20 A. Absolutely.
21 old East End Memorial Hospital.	21 Q. And you said an attorney set that
22 Q. Now, does Freedom Rain own that	22 up. Who did that?
23 building?	23 A. Michael French. But he's not in
Page 23	Page 25
1 A. Well, there's a -- yes. It's --	1 business anymore, but I have the papers.
2 it's like if you owe -- do you own your	2 Q. I think we have asked for those
3 house? There's a mortgage on it. So do we	3 papers as part of the production request. If
4 own the building? There is a mortgage on it.	4 you'll give those to your attorney.
5 Q. You own it, but you owe a debt on	5 How did Freedom Ministries come
6 it?	6 about? Can you give me a history of how it
7 A. Two debts.	7 got started and your employment with them?
8 Q. Two debts. Who are the debts	8 A. Yes. I give them every day. I
9 owed to?	9 would love to give it to you.
10 A. St. Vincent's owns the first one	10 Internal Revenue actually raided
11 at \$900,000; Kim Ratliff has a second.	11 my tax office on April 15, 2002, and when
12 Q. Do you know how much that one is	12 they raided my tax office, it was just a
13 for?	13 terrible, emotional thing.
14 A. \$300,000. And now there's a lien	14 I feel like I was called into the
15 on it from Engineer Cooling for --	15 ministry when I was about 11 years old and I
16 Q. He can't -- he can't answer	16 never went. After the -- the raid, I started
17 questions because, he and I are attorneys.	17 dealing with the legal system, and I was very
18 He'd probably be able to, but he's not	18 despondent at what I found. And I decided
19 supposed to.	19 that I would go full-time into the ministry.
20 A. Okay. I'm sorry. I'm just --	20 And so I went into the ministry and I started
21 Q. You don't recall what that is?	21 going into prisons and just preaching and
22 A. No.	22 teaching and ministering to the women. And
23 Q. If you don't recall, that's fine.	23 then I found out that that really wasn't what

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1 they needed because when they get out, they 2 absolutely have nowhere to go. 3 So most of my kids were grown. 4 And so I had a house in Roebuck, the Hob Hill 5 house. And so I moved out of the Hob Hill 6 house and we moved to Carrington. And we 7 started Freedom Rain to -- for the women to 8 be able to have a place to go when they got 9 out of prison. And that's why it started. 10 Q. Okay. What -- what year was 11 that; do you know? 12 A. 2000 and -- 13 Q. About? 14 A. It was two -- all right. The 15 first women came in 2004, in October. So I 16 probably moved out like in June or July 17 because I had to get it ready. 18 Q. You say you moved out. You moved 19 out -- 20 A. I moved to Carrington. 21 Q. Okay. Is Carrington a larger 22 house? 23 A. Oh, no, much smaller. Hob Hill	1 any -- you know, someone bought Carrington, 2 and we moved back to Hob Hill so it would be 3 closer to the center when we found the 4 center. 5 Q. And Did you take some ladies in 6 at Hob Hill when you moved back? 7 A. Yeah. A few lived there. But 8 like I say, you cannot -- I could only have 9 two at a time because of the zoning 10 regulation. And so what happened is 11 everybody moved to the center. 12 Q. Okay. And the center was? 13 A. The old East End Memorial 14 Hospital. 15 Q. And that's where you currently 16 are? 17 A. Yes. 18 Q. And that's what you call the 19 Lovelady Center? 20 A. Yes. We moved into there in 21 October of 2005. 22 Q. How many ladies do you house at 23 the Lovelady Center?
Page 27	Page 29
1 is a very large house. 2 Q. And how many women? 3 A. I started with five, and it 4 quickly went to 40, like overnight. There is 5 a big need for this. 6 Q. Yeah. I believe there is a need 7 for this. 8 A. And it went to 40. 9 Q. And are you still at Carrington? 10 A. No. What happened is -- do you 11 want me to just tell you what happened? 12 Q. Sure. 13 A. What happened is the neighbors 14 got up in arms in Hob -- in the neighborhood. 15 And it was a terrible time because they 16 thought I was destroying the neighborhood, 17 even though it's nine acres up in the middle 18 of nowhere. And so the zoning was not proper 19 for Hob Hill. You know, the residential 20 zoning say you can only have three unrelated 21 people in a residence. And so I had to move. 22 I mean, I had -- I had to move the women out 23 of Hob Hill. I could not -- I did not have	1 A. 336 as of yesterday. 2 Q. Is that kind a typical number 3 that are there? 4 A. It runs between 300 -- that's the 5 highest ever. 6 Q. It's about on average, it is? 7 A. 310, 315. 8 Q. It's been that way since October 9 2005? 10 A. No. No, no, no, no, no. It 11 started with 40, and then it just -- and then 12 it just went on and on. And probably, this 13 is way more than we've ever had. 14 Q. During the period of interest to 15 this lawsuit, which is June of 2006 through 16 August of 2007, is it fair to say you had 17 about 300? 18 A. No. 19 Q. How many did you have during that 20 period? 21 A. I would have to look at the 22 records. Probably about maybe 200 would have 23 been max.

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1 Q. You mentioned the IRS raided your 2 tax office? 3 A. Yes. 4 Q. Were you arrested as part of 5 that? 6 A. No. No indictment was filed, but 7 I did a plea bargain with -- with my daughter 8 for failure to supervise, one count, failure 9 to supervise, aiding and abetting of filing a 10 fraudulent tax return or failure to supervise 11 the filing of such. And I got -- I just 12 accepted probation and a \$300 fine. 13 Q. So you -- you were convicted? 14 A. I pled, yes, so it's a conviction 15 that shows. 16 Q. Had you ever been arrested 17 before? 18 A. No. 19 Q. For anything? 20 A. No. 21 Q. For anything at all? 22 A. No. But I have got some speeding 23 tickets.	1 disagree with anything that's stated in that 2 press release. 3 A. All right. I -- I got the 4 \$125,000 back. They did not keep it. And 5 this looks like they kept it. The \$19,000, I 6 did not have to pay. I don't know. They did 7 not come up with that. And it was -- I don't 8 know why it was one count, but it was only 9 one count. Maybe that was earlier or 10 something. I don't know. So I don't think 11 it's totally accurate but -- 12 Q. Do you see anything else in there 13 that may be wrong? 14 A. Well, I didn't -- I didn't stay 15 on probation for three years. They dropped 16 that. 17 Q. Did they -- they reduce it, or is 18 that -- 19 A. No. 20 Q. -- incorrect? 21 A. No. They dropped it. I'm not 22 sure. Sam McCord was my attorney, and he 23 will know any of the legal. I -- I didn't
1 Q. I'm not -- not too worried about 2 that. 3 A. A pretty good many to be honest 4 with you. I used to have a problem speeding. 5 Q. And you say that the IRS raid was 6 as a result of one tax return? 7 A. No. That's what I pled guilty 8 to. 9 Q. To one count or one tax return? 10 A. One count. 11 Q. And that count was a fraud count, 12 if I understood? 13 A. You know, I tried to call my 14 attorney yesterday because I felt like you 15 would be asking that. I don't know the exact 16 deal. I don't know the exact -- I know it's 17 one count. That's what he told me. I think 18 it was three returns, maybe four. 19 Q. Ms. Spahn, I'm going to show you 20 a press release dated June 28, 2004 from the 21 U.S. Department of Justice and give you a 22 chance to read that. 23 I just want to know if you	1 really -- I don't know -- I don't know the 2 exact facts. You will have to call him. 3 MR. TALTY: Let's mark that as 4 Plaintiff's Exhibit 1. 5 (Plaintiff's Exhibit No. 1 6 marked for identification.) 7 Q. How much do you -- what is your 8 title at the Lovelady Center? 9 A. Executive director. 10 Q. Have you always been the 11 executive director? 12 A. Yes. 13 Q. Because of the way that Freedom 14 Rain came about -- here again, I'm talking 15 about Freedom Rain Ministries. 16 A. That's okay. 17 Q. I'm trying to keep it straight 18 for the record. 19 Since you developed it, I'm under 20 the impression that you assumed the position 21 of executive director; is that correct? 22 A. Yes. 23 Q. And how much do you make
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1 currently as the executive director? 2 A. Well, when we get paid -- 3 MR. DONALDSON: Can I ask what's 4 the relevance of this? Where are you going 5 with this? 6 MR. TALTY: She can -- she can 7 answer. 8 MR. DONALDSON: Well, I'm going 9 to tell her she doesn't have to because I 10 don't see what her salary has got to do with 11 anything. 12 MR. TALTY: It does. If you want 13 to instruct her not to answer, you can. 14 MR. DONALDSON: Well, no. I'm 15 just asking you why you think it's relevant. 16 And if you can give me some reason why we're 17 wasting time on Good Friday -- 18 MR. TALTY: Well, you opened the 19 door as to the non-profit status of the 20 corporation. 21 MR. DONALDSON: I didn't open any 22 doors. I'm just here to -- 23 MR. TALTY: Well, I believe you	1 MR. TALTY: Sure. 2 MR. DONALDSON: What's the 3 relevance of that, if any? 4 MR. TALTY: If you want to 5 instruct her not to answer, or if you want -- 6 both of us call the judge and have this 7 conversation, you can. 8 MR. DONALDSON: You can go ahead 9 and answer. I'm just telling you that 10 we're -- you know, we're wasting time. 11 MR. TALTY: You've agreed to the 12 usual stipulations. And we are wasting time 13 having the discussion. 14 A. It's \$1100. But I don't get it 15 most of the time. 16 Q. \$1100 per month? 17 A. Week. 18 Q. Per week. Do you know what your 19 -- how much you made in 2007 working there? 20 A. About -- I don't know. I don't 21 think I got any -- anything in 2007. I might 22 have gotten something. I don't know. 23 Q. Now, your attorney can't answer
1 have in some of the documents that you filed 2 and some of the statements you made before, 3 so that's -- that's opened the door to a lot 4 of questions. 5 MR. DONALDSON: Opened the door 6 to what? 7 MR. TALTY: Questions related to 8 the nonprofit status of this organization. 9 MR. DONALDSON: Well, in truth of 10 the matter, it has been granted a nonprofit 11 status by the IRS, not that that -- what's 12 your point? 13 MR. TALTY: We are still allowed 14 to ask. 15 MR. DONALDSON: I'm sorry? 16 MR. TALTY: We're allowed to ask. 17 MR. DONALDSON: Allowed to ask 18 what? 19 MR. TALTY: Discovery is pretty 20 broad. And we're allowed to ask these 21 questions. 22 MR. DONALDSON: How much money 23 somebody makes?	1 for you. You keep looking for him. 2 A. Any time I don't know something, 3 I feel bad because I don't know it, but I 4 don't know. In 2007, I don't -- I might have 5 got maybe \$10,000. Just because it's \$1,100 6 a week, I don't get that. You need to know 7 that. 8 Q. Well, you -- you stated that. 9 And that's why I was asking you how much you 10 made in the year 2007 -- 11 A. No. 12 Q. -- or the year 2006? 13 A. No. 14 Q. Do you have any idea how much you 15 made? 16 A. No. 17 Q. And do you receive any other 18 benefits other than the \$1,100 a week? 19 A. Yes. 20 Q. What do you receive? 21 A. The ministry pays for my cell 22 phone, which I use probably 24 hours a day 23 for it. We live in Hob Hill. My daughter

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<p>1 and her family lives in Hob Hill, too, 2 because they lost their house. 3 Q. Is that Melinda? 4 A. Yes. But -- and for the record, 5 Hob Hill is in foreclosure now, so I may have 6 to move to the center so my address may 7 change. And -- 8 Q. But now, does -- you were 9 explaining to me that -- what are the 10 'benefits you get? 11 A. I live in Hob Hill. 12 Q. Well, does Freedom Rain own Hob 13 Hill; is that what you're saying? 14 A. Yes. And my car -- there's not 15 enough transportation at the center, so my 16 car is actually paid for by the center. But 17 the center uses my car all the time, so it's 18 not really my car. It's like the center's 19 car. So maybe I use the center's car. But I 20 get ten -- I get -- I have to pay taxes on 21 the car and the fair rental value of Hob 22 Hill. Kind of like -- it's like a minister. 23 Although I did not elect not to pay Social</p>	<p>1 Q. Okay. So there's -- there's also 2 a debt of Freedom Rain to you? 3 A. Yes. But I don't hold a mortgage 4 on it. 5 Q. Okay. And is that to you and 6 your husband? 7 A. No. It's my husband -- it's to 8 Excell. 9 Q. Oh, it's to Excell? 10 A. And then it transferred to my 11 husband because it was his. 12 Q. And that's -- that's for \$77,000? 13 A. It was. I just happened to know 14 that figure. I don't know what it was for. 15 -- the audit is not back for 2007. The 16 auditor tells us that, not me. We have an 17 independent CPA that has to do the audit. 18 Q. Who is that? 19 A. I don't -- my daughter does all 20 of that. I don't know his name. Mike 21 somebody. 22 Q. So if I understand this, you put 23 \$77,000 into buying furniture for Freedom</p>
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<p>1 Security, so I have to pay Social Security on 2 it too. 3 Q. And did -- did Freedom Rain buy 4 Hob Hill from you? 5 A. No. I deeded it to them when I 6 moved to Carrington. 7 Q. But you didn't get anything for 8 it? 9 A. No. No. As a matter of fact, at 10 that time, Excell was doing better so I was 11 able to put -- much to my husband's duress, I 12 put our money into the center to buy the 13 furniture and all for the center. 14 But we have audited financials. 15 As of the end of 2006, the center owed us 16 like 70-some thousand dollars. 17 Q. Okay. What did the center owe 18 you the \$77,000 for? 19 A. I bought the furniture and all of 20 the things we put in -- 21 Q. The things you put in -- 22 A. -- the center. We didn't get the 23 money back.</p>	<p>1 Rain? 2 A. No. 3 Q. You did not say that? 4 A. I put a lot more than that. 5 That's what was owed at that time, at the end 6 of 2006. 7 Q. All right. But that's money 8 you -- whatever the amount is? 9 A. My husband, Excell. 10 Q. He put it in? 11 A. Yes. 12 Q. And you didn't own any part of 13 Excell? 14 A. No. But it was his. 15 Q. Okay. Did you get his approval 16 to buy all the furniture? 17 A. Yes. He was with me. I wouldn't 18 steal from him. 19 Q. Now, I wasn't accusing you. I 20 was just trying to find out -- 21 A. Yeah. 22 Q. -- how the money came to be 23 spent?</p>

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1 A. Yeah.	1 Q. My question is: Do you -- do you
2 Q. All right. You mentioned the	2 drive it home -- to work and from work back
3 center provides a car for you?	3 to your home every day?
4 A. Well, I had a car. The center	4 A. No, not every day.
5 can't -- most of the time, the center doesn't	5 Q. Okay. Do you go home every day?
6 have enough transportation for all these	6 The days you go home, do you drive this car
7 women. We have vans and all, but the center	7 to and from work?
8 uses my car all the time -- or it was my car.	8 A. Sometimes. Sometimes I don't get
9 I guess now -- I mean, the center pays for	9 to because the car's not there.
10 it. I say it's 25 percent mine is what we	10 Q. Okay. How do you get to and from
11 figured out and 75 percent the center's.	11 work on those days?
12 Q. And who paid for the car?	12 A. Well, people drop me off, I'll
13 A. The center.	13 ride with somebody, or I'll get
14 Q. Okay. Now, in --	14 transportation to take me. It's not that
15 A. But in 2006 and -7, I think --	15 far.
16 I'm positive -- during your period, is that	16 Q. I see. And how often does that
17 all I need to --	17 occur on average?
18 Q. Well, we're going to -- we're	18 A. I don't know.
19 going to change periods, but right -- but	19 Q. What kind of car is this that you
20 right now let's talk about that period --	20 currently drive?
21 A. The center does.	21 A. A Nissan.
22 Q. -- June 2006 through August 2007?	22 Q. A Nissan?
23 A. I paid for it, but the center	23 A. Murano.
Page 43	Page 45
1 still used it.	1 Q. And before the Nissan, what sort
2 Q. Okay. You bought the car you	2 of car did you have?
3 have between --	3 A. I had a Lexus and an Escalade.
4 A. My husband bought it.	4 Q. Did the center buy the Escalade?
5 Q. Your husband bought it?	5 A. No.
6 A. Right.	6 Q. You bought -- that was your
7 Q. Did he buy it as Excell, or did	7 personal car?
8 he buy it individually?	8 A. Yes.
9 A. Individually.	9 Q. You bought that or your husband
10 Q. Okay. So that was your own car	10 bought that one?
11 that you used from June of 2006 to August of	11 A. And I paid for it -- or he paid
12 2007?	12 for it, cash.
13 A. Yes.	13 Q. How about the Lexus? Did you own
14 Q. And then after that --	14 that, or did the center own it?
15 A. Sometime during that period, the	15 A. I did -- or he did.
16 center had to start using it all the time.	16 Q. And the Murano is the one the
17 Q. Okay. Now, did you drive this	17 center bought?
18 car to and from home?	18 A. No. The one my husband bought.
19 A. Yes. Most of the time.	19 Q. Okay. That -- what was the car
20 Sometimes I don't -- sometimes I don't get	20 that you said that the center bought?
21 to. But most of -- I'd say 70 percent of the	21 A. The center pays the payments on
22 time I get to, and 70 percent I don't -- I	22 the Murano now. Then it didn't.
23 mean, 30 percent I don't.	23 Q. Did the center make the payments

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1 on the Lexus?	1 Q. So he's not here in Birmingham;
2 A. No. I didn't have the Lexus very	2 he is in --
3 long.	3 A. No.
4 Q. Did anyone advise you that you	4 Q. Orange Beach?
5 should not be buying a Lexus as an executive	5 And you're not sure where he
6 director?	6 works?
7 A. No.	7 A. It's an individual man. I don't
8 MR. DONALDSON: I'm going to	8 know the man's name.
9 object on the grounds that whatever advice	9 Q. Where does Matthew work?
10 she got would be covered by the	10 A. For himself.
11 attorney/client privilege.	11 Q. Is he here in Birmingham?
12 Q. Other than by your attorney -- I	12 A. Yes.
13 don't want you to disclose communications you	13 Q. What does he do?
14 had with your attorneys. But has anybody --	14 A. Buys and sells real estate.
15 A. No --	15 Q. Has he bought or sold any real
16 Q. -- other than your attorneys	16 estate for Freedom Rain?
17 advised you --	17 A. No.
18 A. No. I just -- I just couldn't	18 Q. How about Melinda? Where does
19 afford it. And I didn't think -- no, I just	19 she --
20 got rid of it. I didn't -- I didn't want it.	20 A. She works with me at Freedom
21 I don't want things like that anymore.	21 Rain.
22 Q. So nobody ever told you you gave	22 Q. What is her title?
23 --	23 A. Director.
Page 47	Page 49
1 A. No.	1 Q. Now, you're the executive
2 Q. -- the wrong impression driving a	2 director. She is the director under you?
3 Lexus?	3 A. There are two directors.
4 A. No. I mean, I just -- I have got	4 Q. Okay. And those two are you and
5 enough sense to know, I couldn't afford it	5 Melinda or someone else?
6 anymore.	6 A. No. I am the executive director.
7 Q. You were talking about Hob Hill	7 Q. Who is the other director other
8 and who owns it. Tell me what property you	8 than Melinda?
9 currently have an interest in.	9 A. Lindsay Lee.
10 A. Who, me?	10 Q. And was Lindsay there between
11 Q. Yes, ma'am.	11 June 2006 and August 2007?
12 A. I've lost every piece of property	12 A. Yes.
13 I had. I own zero. My husband owns zero.	13 Q. She's still there, I take it?
14 Everything was foreclosed on.	14 A. Yes.
15 Q. Where does Beau Gregory work?	15 Q. How about Miranda Williamson?
16 A. My son?	16 A. She works in the child care
17 Q. Yes. Do you know?	17 center.
18 A. Yeah. Do I have to answer --	18 Q. Okay. Where is the child care
19 what does he have to do with this?	19 center?
20 Q. You can answer.	20 A. 7916 2nd Avenue South.
21 A. Select -- oh, he doesn't own it	21 Q. Is that Freedom Rain?
22 anymore. No, I don't know the name of --	22 A. Yes.
23 some man in Orange Beach.	23 Q. And [REDACTED]?

13 (Pages 46 to 49)

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<p>1 A. He's nine. 2 Q. Oh, he's nine, okay. So 3 fortunately -- hopefully, he's not working 4 right now. 5 A. No. He doesn't work with me. 6 Q. Do you have any other relatives 7 that work for Freedom Rain? 8 A. Miranda's husband. 9 Q. Who is Miranda's husband? 10 A. Christian Williamson. 11 Q. What does Christian do for 12 Freedom Rain? 13 A. He oversees the building. He was 14 there in the beginning, in the maintenance, 15 the operations of the building. 16 Q. Any other relatives work for 17 Freedom Rain? 18 A. No. 19 Q. Do you know how much Melinda 20 Megahee is paid annually? 21 A. She doesn't get it on time. She 22 makes -- she should be paid 700 a week for 23 about a hundred hours.</p>	<p>1 don't think so. I don't know of any. 2 Q. Do folks that come in there have 3 to get any approvals from the executive 4 director or the directors to come in to 5 solicit clients for business? 6 A. Well, there's not any. 7 MR. DONALDSON: She testified 8 there weren't any. 9 MR. TALTY: Well, she testified 10 there were a couple of minor ones. I think 11 the Avon lady and somebody else. 12 A. No. I said they slipped in. 13 Q. Oh, they slipped in. Okay. 14 A. Yeah. I don't -- 15 Q. So your policy is not to allow 16 anybody to come in? 17 A. No. I don't -- I don't want them 18 to. 19 Q. So Freedom Rain's policy is we 20 don't allow businesses to come in and solicit 21 our clients on the premises? 22 A. Right. 23 Q. Has any property owned by you or</p>
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<p>1 Q. And how about Miranda? 2 A. 400. She gets \$10 an hour. 3 Q. And how about Christian 4 Williamson? 5 A. 500. 6 Q. And all that's per week; right? 7 A. Yes. 8 Q. Do you know if Freedom Rain does 9 business with any of your relatives? 10 A. No. I know it does not. 11 Q. How about does Freedom Rain do 12 business with any spouses of your daughters? 13 A. No. 14 Q. Does Freedom Rain permit any 15 businesses to come to the Lovelady Center to 16 solicit business from the clients there? 17 A. Not that I am aware of. One time 18 a lady came in there trying to sell Mary Kay. 19 Once in a while, an Avon lady will come in 20 there. 21 Q. Anybody else allowed to come in? 22 A. Well, I say no, but sometimes 23 people slip by because it's a big place. I</p>	<p>1 your husband been transferred to your 2 daughter or son? 3 A. No. 4 Q. Or their spouses? 5 A. No. 6 Q. Other than your work at Freedom 7 Rain, do you have alternative sources of 8 income? 9 A. No. 10 Q. Do you have an accountant that 11 does your personal taxes? I think we may 12 have gone over this. 13 A. Well, I do them, and then Gail 14 Stephens looks at them. 15 Q. Is Gail Stephens a CPA? 16 A. No. 17 Q. She reviews them to see -- 18 MR. DONALDSON: I'm not -- we've 19 been here an hour. You've yet to ask the 20 first question relevant to any allegations of 21 your complaint. We're not talking about her 22 taxes. 23 MR. TALTY: I'm getting -- I'm</p>

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1 getting to the allegations in the complaint. 2 MR. DONALDSON: Well, good. 3 She's not answering any questions about her 4 taxes. 5 MR. TALTY: Well, I'm going to 6 ask her. If you want to instruct her not to 7 answer, you can. 8 MR. DONALDSON: It's not remotely 9 calculated to lead to relevant evidence. 10 MR. TALTY: I think -- I think it 11 is, and I disagree. And it's my deposition. 12 MR. DONALDSON: It is your 13 deposition. And if you wish to explain why 14 you think it might lead to relevance, I 15 invite you to do so. 16 MR. TALTY: I don't think I have 17 an obligation to explain to you, David, 18 unless you want to raise an issue with the 19 judge, in which case I'll talk to the judge 20 about it. 21 MR. DONALDSON: It's not 22 incumbent on me to do that. 23 MR. TALTY: I think it is. Or	1 MR. DONALDSON: Yes, you are. 2 MR. TALTY: No, I'm not. I'm 3 trying to find out if she's under 4 investigation regarding her -- 5 MR. DONALDSON: What difference 6 would it make? 7 MR. TALTY: Maybe regarding her 8 nonprofit status. 9 MR. DONALDSON: Well, look at -- 10 her nonprofit status is a nonissue. 11 MR. TALTY: Well, you raised that 12 issue. 13 MR. DONALDSON: I did not. 14 MR. TALTY: I got a letter here 15 that says you're saying they're exempt from 16 the FLSA because they are a nonprofit. 17 MR. DONALDSON: I did not say 18 that. 19 MR. TALTY: I believe it says 20 that. And that's the reason I'm asking 21 questions. 22 MR. DONALDSON: No -- 23 MR. TALTY: Because I think you
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1 instruct her not to answer, in which case, 2 I'll call the judge. 3 Q. Do you know if you are -- you 4 mentioned the problem with the IRS back in 5 2002, I believe. Do you know if you are 6 currently under investigation? 7 MR. DONALDSON: I'm going to 8 object to any questions about any IRS 9 investigation and instruct her not to answer. 10 MR. TALTY: Just instruct her not 11 to answer if that's your move. 12 Q. Do you know if you are under 13 investigation or not? 14 MR. DONALDSON: Object and 15 instruct her not to answer. Investigations 16 from the IRS aren't reasonably calculated to 17 lead to relevant evidence. 18 MR. TALTY: They are if 19 they're about -- 20 MR. DONALDSON: You're just 21 harassing the witness. 22 MR. TALTY: I'm not harassing the 23 witness.	1 can answer them. 2 MR. DONALDSON: They are not 3 covered by the FSLRA. A nonprofit status 4 under the Internal Tax Code determines 5 whether they owe income tax. It does not 6 determine what this company does or does not 7 do, which is going to be a dispositive issue 8 I have raised. 9 MR. TALTY: The same things that 10 potentially could qualify or disqualify an 11 organization under the Fair Labor Standards 12 Act can also be the same factors that the IRS 13 will look at. 14 MR. DONALDSON: Well, I -- no. 15 MR. TALTY: I think you can 16 answer that. 17 A. I don't understand. 18 Q. I'm sorry. 19 MR. DONALDSON: She's not 20 answering any questions about tax 21 investigation. 22 MR. TALTY: You are instructing 23 her not to answer?

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<p>1 MR. DONALDSON: You heard me, 2 didn't you? Do you want her to read it back 3 to you? I only said it four times. 4 MR. TALTY: Are you instructing 5 her not to answer any tax -- 6 MR. DONALDSON: I don't answer 7 your questions. 8 MR. TALTY: Then I don't answer 9 yours either. 10 MR. DONALDSON: I didn't ask you 11 a question. 12 Q. No. I'm sorry, Ms. Spahn. 13 A. No. I'm not going to answer it. 14 I don't know what to do. 15 MR. DONALDSON: You don't have to 16 do anything. 17 Q. So you are not aware of any 18 investigations? 19 MR. DONALDSON: She is not 20 answering any questions about any IRS 21 investigations. That's ridiculous. 22 Q. Does Freedom Rain file exempt 23 organizational returns?</p>	<p>1 five months ago. 2 Q. What does Joy do for Freedom 3 Rain? 4 A. She -- she teaches classes. She 5 works with the women. She helps the women 6 make different things that they make. Like 7 right now, they're making dolls. Sometimes 8 they make jewelry. It's good therapy. 9 Q. Do you know what her title there 10 is? 11 A. Not the exact title, no. She's 12 not a director. 13 Q. Who is Debt Relief Services? 14 A. Debt Relief Services is a 15 nonprofit that Freedom Rain actually acquired 16 and changed the name to Freedom Rain. 17 Q. Do you know when it was acquired? 18 A. 2000 and -- 2004. 19 Q. Do you know who it was acquired 20 from? 21 A. Well, Free -- you can't own 22 nonprofits, so they are set up by boards. 23 And I don't know. I don't know. There's not</p>
<p>1 A. Yes. 2 MR. TALTY: We'll take up the 3 matter we were just discussing after I ask, 4 hopefully, the remainder of my questions. 5 Q. Did you ever receive any payment 6 for housing Hurricane Katrina victims? 7 A. I didn't. Freedom Rain did. 8 Q. Freedom Rain did. What sort of 9 payments did Freedom Rain receive? 10 A. You mean -- you want the amount? 11 I don't know. 12 Q. Do you know how much it was per 13 person per day or anything? 14 A. No. 15 Q. Who is Joy Waldrop? 16 A. Walter? 17 Q. Waldrop. Do you know a Joy 18 Waldrop? 19 A. Yeah. She worked for us for 20 Excell Financial. 21 Q. Does she -- do you know where she 22 works now? 23 A. For Freedom Rain. She came about</p>	<p>1 an owner of a nonprofit. 2 Q. Was money paid to acquire Debt 3 Relief Services? 4 A. No. Bob Prescott did that, and 5 he now is back at the center. 6 Q. Is Bob Prescott an attorney? 7 A. No. Bob Prescott is actually now 8 executive director of Freedom Rain. 9 Q. I thought you were the executive 10 director of Freedom Rain. 11 A. I'm at the Lovelady Center. I 12 deal with the program and the women's side. 13 He deals with the business side. 14 Q. Okay. So earlier when you were 15 telling me that you were the executive 16 director, you're the executive director of 17 the Lovelady Center? 18 A. Yes, and founder. 19 Q. And he is the executive director 20 of the -- 21 A. Freedom Rain. But he wasn't in 22 those years. 23 Q. What was he in those years?</p>

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1 A. I don't know. I don't remember. 2 He -- he worked with -- he worked with Debt 3 Relief Counseling Services up until 2004. 4 And then he worked with Freedom Rain for a 5 short time, and then he left. And I don't 6 know where he went to work. 7 Q. Do you know how much he's 8 currently paid by Freedom Rain? 9 A. Well, actually, his salary is 10 paid by some people on the board. And I 11 don't know what it is. 12 Q. Are there -- are there other 13 people in the Birmingham area that do what 14 Freedom Rain does? 15 A. We are the largest in the United 16 States is what I have been told. And the 17 only place -- there's two places that do 18 similar, that service women. And that is 19 Jessie's Place and Olivia's House. Olivia's 20 House is where Traci was a client. 21 Q. How about the foundry? Do they 22 do similar work? 23 A. The foundry doesn't have women	1 anything. It's like a 30-day treatment 2 center. Our treatment facility that is 3 certified -- but it was not certified in 4 those years. Our treatment facility is 5 90-day. 6 Q. When you say "certified," you're 7 referring to certified by the State of 8 Alabama? 9 A. Yeah. 10 Q. When were y'all certified? 11 A. Early 2008, I believe. 12 Q. What are -- what are your duties 13 and responsibilities? 14 A. Predominantly, it's vision, the 15 general direction of the center. And I work 16 with the board. And -- you know, I stay busy 17 about 18 hours a day. That doesn't sound 18 like I should be busy 18 hours a day, but I 19 am. 20 Q. You're down there working long 21 hours? 22 A. Yeah. A lot of problems in this 23 world.
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1 and children, no. They are nothing -- they 2 are a substance-abuse facility. 3 Q. Are y'all a substance-abuse 4 facility? 5 A. We have 60 beds. And naturally, 6 when women have the problem -- we're 7 certified by the state for 60 beds. But when 8 women have -- well, no, I think they changed 9 it to 38. When women have problems with the 10 crime and that kind of thing, most of the 11 time, it's because of substance abuse. And 12 so, naturally, we address substance abuse. 13 Q. So the difference between what 14 you do and the foundry is they don't take 15 women and children? 16 A. Right. 17 Q. They just take women? 18 A. They only have -- they have a 19 small -- they take women and men. We do not 20 take men. 21 Q. And how about Bradford Services? 22 A. Bradford is an in-patient, and 23 Bradford does not deal with crime or	1 Q. When you say give general 2 direction at the center, what do you -- what 3 do you mean by that? 4 A. Well, you know, where it's going, 5 how it's getting there, working with the 6 churches, that kind of thing. 7 Q. Do you work with the client 8 representatives? 9 A. Not much. 10 Q. Who works with the client 11 representatives? 12 A. Melinda. 13 Q. Do -- do you ever give 14 instructions to the client representative? 15 A. Occasionally. 16 Q. If I understand you, you sort 17 of -- do you set the program? 18 A. I'm trying to -- no, not anymore. 19 It's set. 20 Q. Who set it originally? 21 A. Originally, I would say I 22 started -- I mean, I started the program in 23 the direction that it needed to go, but I

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1 don't really do that anymore. 2 Q. Has it changed from the direction 3 you originally set? 4 A. Oh, yes. We -- we have grown. 5 It's much, much -- well, I think it's better. 6 I mean, we try to be better every day. 7 Q. Do folks run changes by you 8 before they are implemented? 9 A. Sometimes. Most of the program 10 things now go by Melinda or Lindsay. Lindsay 11 is as active in it as Melinda. 12 Q. And Lindsay -- say that again. 13 A. Lindsay is as active as Melinda. 14 Q. And Lindsay is who? 15 A. Lindsay Lee. 16 Q. That's the lady you told me about 17 earlier? 18 A. Right. 19 Q. I want to be sure I understand 20 the organization of the Lovelady Center. We 21 have you as executive director, and then 22 underneath you are two directors. Who is 23 underneath those two directors?	1 who made decisions about whether or not 2 client representatives received overtime 3 payments for hours worked over 40 hours a 4 week? 5 A. It never occurred to me. Nobody 6 ever even mentioned it. I guess you would 7 have to say me or Melinda. 8 Q. Did -- the client 9 representatives, what were their duties? 10 A. They -- the client 11 representatives are like a lifeline between 12 the directors and the clients. They are 13 assigned so many women, and then they kind of 14 do with them what they need to. We really 15 don't -- we leave most of it up to them, as 16 long as the women attend classes and that 17 kind of thing. 18 Q. Well, when you -- they're 19 assigned a number of women. How many women 20 are they typically assigned? 21 A. Anywhere from 15 to 30, depending 22 on how much trouble each one of their women 23 are. Like some -- if you have a client load
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1 A. Gosh. A program director. 2 There's a CFO. There's an education 3 department. There's a kids -- there's a 4 child care department. There's a drug rehab 5 department. And under the program director 6 are client reps. And then there's operations 7 and cooks and cleaners and child care 8 workers, front desk people, transportation 9 people. I mean, it's -- it's a lot. 10 Q. Anybody report directly to you? 11 A. Melinda and Lindsay. 12 Q. Who's the CFO? 13 A. Rosie Mullin. 14 Q. And you mean chief financial 15 officer? Is that what you mean when -- 16 A. Yeah. 17 Q. Rosie? 18 A. Mullin, M-U-L-L-I-N. 19 Q. Was she there during June 2006 20 through August 2007? 21 A. I don't remember. Part-time 22 probably. I mean, for some of that time. 23 Q. Who would have been the person	1 of 20, probably five of them are a lot more 2 trouble than the others. You know, it all 3 depends on where the woman formerly comes 4 from. 5 Q. And what exactly are the client 6 representatives supposed to do? 7 A. They're like a mentor to the 8 clients. Most of our clients have never had 9 a -- a decent life or they have been on 10 drugs. And so we try to get client reps that 11 understand that and that are -- that can work 12 with them. 13 Q. How do they work with them? 14 A. They love them. They take care 15 of them. They help them mentor, to show them 16 how to take care of their kids, to show these 17 women how to live. They get them up. They 18 show them how to have structure in their 19 lives. 20 Q. How do the client representatives 21 learn what they are supposed to mentor about? 22 A. Well, we have counselors that 23 come in that train them. And we teach them,

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<p>1 and many of them have been through programs 2 themselves. They're drug tested. 3 Q. Do they have employee contracts? 4 A. No. They have independent 5 contracts. 6 Q. What is an independent contract? 7 A. It is a contract giving them 8 pretty much the freedom to handle their 9 clients like they need to. 10 Q. They don't have any restrictions 11 on how they handle their clients? 12 A. Like what? 13 Q. That's what I'm asking you. They 14 do or they don't have restrictions? 15 A. Well, we don't want them to do 16 drugs, and we don't want them to go places, 17 and we don't want them to -- we don't want 18 the client representative to become too 19 friendly. We want them to maintain a 20 relationship with them but not overly -- not 21 overly friendly. 22 Q. Do they have an office -- 23 A. Yes.</p>	<p>1 might be there later. They may leave 2 earlier, depending, maybe they have got kids 3 at school. It's really flexible. 4 Q. Do you keep track of their hours? 5 A. They do. 6 Q. How do they keep track of their 7 hours? 8 A. They write them down. 9 Q. And do they give them to 10 somebody? 11 A. Yes. 12 Q. Who do they give them to? 13 A. Then or now? 14 Q. Let's start with then. Then we 15 are referring to June 2006 to August 2007. 16 A. I think Melinda then. 17 Q. How about now? 18 A. Rosie. 19 Q. And do they -- back in the time 20 that's relevant to this suit, June 2006 to 21 August 2007, did they have a time clock that 22 they use? 23 A. No.</p>
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<p>1 Q. -- at the Lovelady Center? 2 A. Yes. 3 Q. Each client rep has an office? 4 A. Yes. 5 Q. Who's the person that -- that 6 gives instructions to the client reps? 7 A. Lindsay and Melinda. 8 Q. Are those instructions written 9 down? 10 A. Yes. We have -- we have manuals. 11 Q. Did you have manuals back in the 12 year -- approximate year from June 2006 to 13 August 2007? 14 A. Yes. 15 Q. What are the hours these client 16 representatives are supposed to work? 17 A. Most of them -- we have 18 meditation every morning, and most of them 19 get there for meditation. And most of 20 them -- they have flexibility to leave in the 21 daytime and do what they need to be. Some of 22 them work later. Some of them -- if they've 23 got a client that's coming in from work, they</p>	<p>1 Q. When they leave, do they have to 2 say where they're going? 3 A. No. Unless they're taking them 4 to court or something. 5 Q. They don't otherwise give any 6 notice of when they come and go? 7 A. Not as far as I know. They might 8 tell Melinda: Hey, I am going out here for a 9 while, or something like that. 10 Just -- well, in the -- in our 11 building, we are very careful about who comes 12 in and out. So if they go out the front 13 door, I'm sure they would tell the front 14 desk. Because even when I go out, the front 15 desk says: Where are you going? 16 I say: I'll be back. 17 Q. They don't have any instructions 18 to notify the center during working hours 19 where they're going? 20 A. Not really. 21 Q. Back when Plaintiff Traci Jones 22 worked there, she was an hourly worker; 23 correct?</p>

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1 A. I believe so. 2 Q. Are all the client 3 representatives still hourly workers? 4 A. I don't know. 5 Q. Do you -- how did you know how 6 much to pay Ms. Jones and the other client 7 representatives when she worked there? 8 A. Well, I don't guess I do know. I 9 know what I was hoping that we could afford, 10 so I think -- and it's pretty standard, you 11 know. The other -- the other transitional 12 houses that are similar, not just like it, 13 they make anywhere from 7 to \$10 an hour. 14 Q. And my question is: If you don't 15 know when they're coming and going and they 16 are paid hourly -- 17 A. They write it down. They tell 18 us. 19 Q. So you take what they write down 20 as being correct and you pay them that many 21 hours? 22 A. Yes. 23 Q. Per hour times those hours;	1 than the client representative? 2 A. The desk people, the security 3 people. Me half the time. Melinda more than 4 half the time. The intake department 5 generally has somebody in it. So it's no big 6 deal if the client rep needs to leave. Now, 7 we call them house mothers on the weekend, 8 and I think we did that, too, then. 9 Q. Are there times when you and 10 Melinda are not there on the weekends? 11 A. Yes. 12 Q. Is there a requirement that there 13 be management personnel there on the weekends 14 when you and Melinda are not there? 15 A. The house mother would be. 16 However, because the front desk and security 17 is there, they can leave and go. 18 Q. So are you saying the times Ms. 19 Jones was there, there could be times when 20 you were gone, Melinda was gone, and the 21 client representative gone, and so the person 22 in charge would be the desk person and 23 security people?
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1 right? 2 A. Yes. 3 Q. Client representatives, when 4 Ms. Jones was there, have any weekend duty 5 responsibilities? 6 A. Yes. Most rehab centers -- and 7 this is what we did. I based it on what 8 everybody else did. We paid \$200 for a 9 weekend. We still do that. And on the 10 weekend -- like, for instance, Traci brought 11 her kids with her on the weekend, and she 12 could go -- she had the flexibility to come 13 and go on the weekends. She went out to eat 14 with her family. She -- she cleans her 15 church on the weekend for money. She took 16 girls to the church with her. And she would 17 spend the night. Her kids spent the night. 18 So there is a lot of flexibility with that. 19 But we paid \$200 for a weekend, come and go, 20 do what you want to, but you watch them. But 21 it's not mandatory. They just do it if they 22 want to. 23 Q. Who is there on the weekend other	1 A. Yes. But I mean, we're all on 2 call, and, like I say, Hob Hill is right by 3 the center. 4 Q. What's right by the center? 5 A. Hob Hill is right -- 6 Q. Okay. 7 A. -- close to the center -- 8 Q. Your home. 9 A. -- so it's no big deal for me to 10 leave and come back. 11 Q. If you're called? 12 A. If I'm called. And I'm called 13 plenty. 14 Q. The -- the client 15 representatives, when they work weekends, did 16 they have any duties? 17 A. Drug testing, if someone seems 18 to -- to need it. And just kind of be there 19 in case somebody needs something. 20 Q. Are any of these ladies that are 21 there -- and I refer to them as clients. Is 22 that what you refer to them as? 23 A. Clients or residents, yes.

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1 Q. Are any of the clients on any 2 treatment programs where they require 3 medications?	1 Q. When you first started and you 2 had a few ladies staying at your house, you 3 had a board of directors from the beginning?
4 A. Yes. And -- yes.	4 A. From the time we became a 5 501(c)(3), we had a board of directors.
5 Q. Who handles the medications?	6 Q. Do you know who's on the board?
6 A. We have an RN.	7 A. Then or now?
7 Q. What is her name?	8 Q. Let's start with now.
8 A. Linda Goble.	9 A. Yes. But I probably can't just rattle off their names.
9 Q. Was she there back in June 2006?	10 Q. Tell me who you recall.
10 A. Yes, I believe so.	11 A. Joe Medina, Richmond Flowers, Diane Flowers, Chris Dagle.
11 Q. Is she still there?	12 Q. Chris?
12 A. Yes.	13 A. Dagle, D-A-G-L-E. Carroll Duncan. Carroll Duncan might have been on there then, the city counsel. Dave Morrison, Judge Andre Sparks. How many is that?
13 Q. Do you know if she's a licensed 14 RN?	14 Q. I haven't been counting.
15 A. Yes, she is.	15 A. I think I may be getting them all. Jim Henderson.
16 Q. And you had earlier mentioned a 17 counselor who trains the client reps. Who is 18 that?	16 Q. Do you recall anybody else?
19 A. Doctor -- well, there's a lot 20 now. Back then I believe Dr. Semon met with 21 them. Joe Medina met with them. I don't 22 remember who else.	17 A. No. Oh, at that time, Dave
23 Q. Now, Linda Goble, the nurse, she	
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1 gives out the medications?	1 Anderson and Michael Semon, Dr. Michael Semon.
2 A. Yes.	2 Q. And were all those people on the board at that time?
3 Q. Does she work weekends?	3 A. No.
4 A. No. Occasionally.	4 Q. Okay. Which of those you named were not on the board at the time, the time that Traci Jones was there?
5 Q. Who gives out medications on the 6 weekends?	5 A. I don't remember. Joe Medina, Jim Henderson, Dave Anderson. I think Gail Stephens, the accountant, Gail Stephens, Carroll Duncan, probably. She was Carroll Reynolds then.
7 A. I don't know back then. I don't 8 remember. Now, we have two LPNs that 9 alternate.	6 Q. Okay. Joe Medina and Dr. Semon, they're employees of Freedom Rain; is that correct?
10 Q. Who would know back at the times 11 relevant to this lawsuit?	7 A. No.
12 A. Melinda and Lindsay, Shea.	8 Q. They are not?
13 Q. You mentioned a board. Tell me 14 about the board of directors.	9 A. Just independent counselors who give to the ministry of their time.
15 A. It's a governing board of 16 directors.	10 Q. They don't charge anything --
17 Q. How many people are on the board?	11 A. No.
18 A. Fourteen now.	12 Q. -- to do their consulting work?
19 Q. When did you -- when did you 20 start having the board of directors?	
21 A. From the beginning.	
22 Q. From the very beginning?	
23 A. Yeah.	

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1 A. No. 2 Q. I think you mentioned Dr. Semon 3 would come in and talk to the client 4 representatives? 5 A. Yes. 6 (Recess taken.) 7 Q. Who within Freedom Rain keeps the 8 books? 9 A. Rosie Mullin. 10 Q. You mentioned Rosie before. But 11 I'm not -- did you tell us what her title 12 was? 13 A. She's the CFO. 14 Q. Okay. She's the CFO. Who -- 15 back when Traci Jones worked for Freedom 16 Rain, who set your salary and benefits? Who 17 established your salary and benefits? 18 A. Who, mine? 19 Q. Yes. 20 A. Probably the board. I would go 21 over it with them, and I would ask for what I 22 needed. But we didn't really get -- I didn't 23 get paid so -- you know, it was -- I didn't	1 Q. And why wasn't yours set by the 2 board? 3 A. I didn't ask for one then. 4 Q. You didn't for -- 5 A. A salary then. 6 Q. Okay. Are you saying when Traci 7 Jones worked there, you didn't take any 8 salary at all? 9 A. I didn't get salaries then, no. 10 Q. How did you decide how much to 11 take? 12 A. Well, it was much later on, and 13 the board -- Joe Medina was chairman. 14 Q. So you're saying -- I want to be 15 sure I'm clear on this. When Traci Jones 16 worked there, you weren't paid anything at 17 all? 18 A. Okay. I don't remember exactly 19 if I got paid anything or not from the 20 ministry. I don't -- I cannot remember if I 21 ever got anything at all. My husband still 22 owned Excell Financial, and he bought and 23 sold real estate and he did fine. So I was
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1 get paid much. 2 Q. My question is: Who -- who sets 3 your -- what you are supposed to be and what 4 your benefits are supposed to be? 5 A. I don't think it was set back 6 then. And Jeff still had that company, 7 Excell, and while Jeff had Excell, I didn't 8 worry much about the pay from there. 9 Q. Who set the -- what was supposed 10 to be the salary and benefits of -- of your 11 daughter when Traci Jones worked there? I'm 12 referring to -- 13 A. The board. 14 Q. And did the board also set the 15 salary and benefits of what your other 16 relatives who were back then, other relatives 17 that worked for Freedom Rain back then? 18 A. No. Actually, Miranda got the 19 same as the other client reps. She was a 20 client rep. So we set that. And she got the 21 same as everybody else. And Christian's 22 would have been set by the board because 23 Christian was there when FIMA was there.	1 not worried about getting money then. 2 Q. I understand you might not be 3 worried about getting money. My question is 4 -- 5 A. I worked for free for months and 6 months and months and months and months. 7 Q. And my questions are simple. 8 When Traci Jones worked there -- 9 A. I don't think I got -- 10 Q. -- did you work for free? 11 A. Most of the time. I may have 12 gotten a check here or there. I don't 13 remember. I don't think so. We just let 14 the -- we just let anything accrue. And I 15 think it was like -- I don't even know if I 16 let anything accrue back then. I'm sorry. I 17 don't remember. 18 Q. What is -- 19 A. Money was not the motivating 20 factor then. 21 Q. -- back when Traci Jones worked 22 there, how were decisions made to -- to buy 23 things for the center? What were your

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<p>1 policies and procedures of Freedom Rain 2 Ministries?</p> <p>3 A. For instance -- I don't know what 4 you're talking about.</p> <p>5 Q. A minute ago you mentioned there 6 was a lien based on air condition work.</p> <p>7 A. No, that lien was just for now.</p> <p>8 We -- they -- we were getting our air fixed.</p> <p>9 You filed this lawsuit. We lost our grant.</p> <p>10 So they billed us for the -- they billed us 11 for what they had done. But this is way 12 after Traci left.</p> <p>13 Q. I understand. But my question is 14 more general than that. You have expenses 15 running the center?</p> <p>16 A. Yes.</p> <p>17 Q. The Freedom Rain; right?</p> <p>18 A. Yes.</p> <p>19 Q. You've got all kinds of bills for 20 water or electric, painting, plumbing, 21 whatever; right?</p> <p>22 A. Okay. Yes. Most of that is -- 23 is called procured. We have a department and</p>	<p>1 elevator company and they let us make 2 payments on getting the elevator fixed 3 because we have to have one working elevator.</p> <p>4 Q. My question is: Who has 5 authority to spend funds?</p> <p>6 A. Rosie, Melinda, or me, or Bob.</p> <p>7 Q. Who is Bob?</p> <p>8 A. Prescott. Or Lindsay.</p> <p>9 Q. Okay. Now, are there -- are 10 there limits to the amount you could spend 11 for Freedom Rain?</p> <p>12 A. Yes. Because we don't have the 13 money.</p> <p>14 Q. I understand. Money is always a 15 limitation for all of us.</p> <p>16 A. Yeah. I mean, we're limited.</p> <p>17 Q. Aside from the amount of money, I 18 mean, are there -- are there limits where you 19 have to get approval from somebody else other 20 than yourself?</p> <p>21 A. Mr. Talty, if we have anything to 22 buy, any time we have to buy, we try to get 23 it donated. If we cannot get it donated and</p>
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<p>1 people call and they get things donated to us 2 and we fix what we can fix. And we have two 3 maintenance guys.</p> <p>4 Q. If you had a large expense -- and 5 I'm talking, again, back when Traci worked 6 there -- who has to approve paying for that, 7 or if you have capital improvement and you 8 want to buy something, who has to approve 9 that?</p> <p>10 A. Again, there have been no capital 11 improvements when Traci was there that I can 12 remember. There has not been funding for 13 that kind of thing. I don't -- I can't think 14 of anything that we bought major.</p> <p>15 Q. Well, if you had a major expense 16 or capital improvement other than when Traci 17 was there, how would -- how would you get 18 that approved?</p> <p>19 A. We would try to get it procured 20 so we wouldn't have to pay for it because 21 there is no money to pay for it. Like the 22 elevators, the elevators broke. We talked to 23 the elevator -- Melinda talked to the</p>	<p>1 we have to buy it, then we -- we all try to 2 figure out: Okay. Can we buy this?</p> <p>3 Q. Okay. But my question is --</p> <p>4 A. I would give the final approval. 5 Melinda, Bob, Lindsay --</p> <p>6 Q. Let's take Melinda, for example. 7 If she needed to buy something for Freedom 8 Rain, is there an amount of expenditure above 9 which she must get your approval?</p> <p>10 A. I would say if it's over a 11 thousand dollars, she would need to get with 12 me.</p> <p>13 Q. Okay. Is that -- is there a 14 written policy or procedure on it?</p> <p>15 A. No.</p> <p>16 Q. Do you have any limit above which 17 you must go get somebody's approval if you 18 need to make that expenditure and the funds 19 are available?</p> <p>20 A. That is such a pipe dream. I do 21 not know. I can't even imagine. That would 22 be so awesome because there is so much I 23 would love to buy. I would go to the board</p>

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1 if it needed to be something big. But if a 2 plumbing thing breaks down and we know we 3 have to have \$300 for plumbing, we just get 4 it.	1 You mentioned earlier that you 2 had -- you or your husband had lent Freedom 3 Rain some money; correct? Do you know what 4 the terms of that loan were?
5 Q. Have you ever gone to the board 6 for the approval of any expenditure? 7 A. Major expenditure? 8 Q. Of any expenditure. 9 A. Yes.	5 A. No, I don't. 6 Q. I take it from the statements you 7 have made, Freedom Rain has never had any net 8 earnings on an annual basis? 9 A. No, sir.
10 Q. Okay. What was it? 11 A. The board wanted -- they -- we 12 were trying to get a consultant to come, and 13 we went to the board for the board to do it 14 and try to raise the money. But we never 15 did, so we didn't get it.	10 Q. When a client comes to live with 11 y'all, do you charge her for anything? 12 A. Not in the -- not in the first. 13 After she's been there a month or so, we help 14 them get a job and they are supposed to pay 15 fees, a hundred dollars a week at that time 16 for -- the fees are for room and board. It's 17 to teach them how to manage their money. But 18 sometimes they don't -- judges will say they 19 can't work or something like that, so they 20 will have to work in the building.
16 Q. When was that? 17 A. About six months ago. 18 Q. Any other times when you went to 19 the board -- 20 A. Not that I can think of. I'm 21 sure that there are. I just can't think of 22 them.	21 Q. So they -- they're responsible 22 for paying a hundred dollars a week for their 23 room and board?
23 Q. Are board meeting minutes kept?	
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1 A. Yes. 2 Q. How often does the board meet? 3 A. Every other month, bi-monthly. 4 Q. Earlier I was asking you about 5 the nurse and the medications. Does she 6 distribute any controlled substances? 7 A. If we have a lady, for instance, 8 that is in the center and her addiction was 9 Cocaine and she had surgery, she may allow 10 her to take Lortabs for a day or two. But we 11 do not let our women have controlled 12 substances. 13 Q. Do you -- do you keep Lortabs on 14 the site? 15 A. I don't -- I don't think so. 16 Q. No other substances that the 17 nurse might distribute to clients that would 18 be controlled? 19 A. Not to my knowledge. I mean, 20 there may be some instances where Linda talks 21 with the doctor or something like that. 22 That's not my department. 23 Q. Does -- strike that.	1 A. And transportation to go to work, 2 their food, all of that. 3 Q. Does that hundred dollars a week 4 cover anything else? 5 A. The program, classes. 6 Q. So basically, it's a source of 7 operating funds for Freedom Rain? 8 A. Well, it should be, yes. 9 Q. Okay. And you say there are 10 instances where they can't pay? 11 A. Many times they can't pay. And 12 sometimes these women that we have, you know, 13 they've never had responsibility before. We 14 have to teach them. And we have classes for 15 budgeting and all. 16 Q. Do you know what percentage of 17 them, approximately, are able to pay the 18 hundred dollars a week? 19 A. It's better than it was then. I 20 mean, I don't know. My goal would be a 21 hundred percent, but we are a long way from 22 it. 23 Q. It should be. But do you have

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1 any idea what it is? Or how much you take in 2 from -- from those charges?	1 A. No. And it was a hundred dollars 2 a week then.
3 A. No. I'm sorry. I don't. I do. 4 It's about -- now, it's about \$55,000 a 5 month.	3 Q. Right. How about now? 4 A. Yeah. Now, we have a teeny-tiny 5 flea market, like a thrift store that -- 6 because we have a lot of donations. And 7 we're also trying -- well, we don't have 8 anything else. I am so used to giving my 9 plans. I wasn't thinking. That's all we 10 have.
6 Q. You -- you mentioned food. How 7 much of the hundred dollars a week, do you 8 think, goes for food?	11 Q. Are there any charge -- is there 12 any charge for drug tests?
9 A. We have our food down to just 10 really not -- it's -- it's about -- now -- I 11 don't know what it was then -- it's about 12 \$3,000 a week that we pay for food. It's 13 about what it is now, \$3,000 a week.	13 A. \$10. We are going to have to go 14 up on that because the drug test now costs 15 ten.
14 Q. Do you have any idea what it was 15 back when Traci Jones worked there?	16 Q. Well, I'm going to ask you again: 17 Are there any other sources of funds?
16 A. No.	18 A. Then or now?
17 Q. Makes sense that it would 18 correspond with about as many ladies as you 19 had there?	19 Q. Let's start with then, and then 20 we'll go to now.
20 A. Yes.	21 A. The day care, the client fees.
21 Q. Average.	22 The drug test is not revenue. It's just kind 23 of in and out.
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1 funds other than the hundred dollars a week 2 and donations?	1 Q. You mean it just covers the cost 2 of the drug tests and no more?
3 A. Yeah. Donations. Now, it's 130 4 a week. We have some children we keep from 5 the outside in the day care. We get food 6 stamps.	3 A. Yeah. I think -- I think, back 4 then, the drug test was eight; now they're 5 12.
7 Q. Okay. Anything else?	6 Q. Any other sources?
8 A. Grants.	7 A. You got all that.
9 Q. Anything else?	8 Q. The client fees, that's a hundred 9 dollars per week back then?
10 A. We're getting appropriation.	10 A. Uh-huh.
11 Q. Anything else?	11 Q. How is --
12 A. Churches.	12 A. We have vending machines. We get 13 money from them. Washers and dryers.
13 Q. That's a donation; right?	14 Because we -- the washers and dryers kept 15 breaking, so we have coin-operated but -- and 16 we get a little bit of that. But I don't 17 think we had that then.
14 A. No. It's a little different	18 Q. Earlier you mentioned the lawsuit 19 was filed and you lost a grant?
15 because they partner with us. But they 16 didn't then. So it's a little different.	20 A. Yeah.
17 Somehow, somewhere we come up with it.	21 Q. Who -- who was the grant 22 requested from?
18 Q. Anything else, or are those all 19 the sources that you can think of?	23 A. We got a federal home loan grant
20 A. Then or now?	
21 Q. Let's start with then --	
22 A. No.	
23 Q. -- when Traci was there.	

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1 to work on the building. 2 Q. I guess I'm curious. You lost 3 it? You had it and then you lost it? 4 A. Yes. Because of this lawsuit. 5 Q. How do you know it was because of 6 this lawsuit? 7 A. They sent me a letter. 8 Q. What did the letter say? 9 A. It said that based on having a 10 lawsuit filed against us, and -- that's when 11 -- I mean -- and they just said they would 12 not deal with us no matter how big the 13 lawsuit was. 14 Q. They give you any other reason? 15 A. No. 16 Q. Do you have any knowledge of your 17 -- of the -- of the earlier federal case 18 which we talked about, which is mentioned in 19 this Plaintiff's Exhibit 1, the release from 20 the U.S. Attorney's Office? Do you have any 21 knowledge of whether or not that has been 22 reopened or not? 23 MR. DONALDSON: I'm going to	1 MR. DONALDSON: Nobody's stopping 2 you. 3 MR. TALTY: I thought somebody 4 just did. 5 MR. DONALDSON: You can ask her 6 anything you want to. I'm just instructing 7 her not to answer questions about whether 8 there is some criminal investigation going 9 on. 10 Q. Do you know if the previous case 11 has been reopened? 12 A. I don't know whether the case has 13 been reopened. 14 Q. The grant that you mentioned, you 15 said it was a federal home loan grant. What 16 was the purpose of that grant? 17 A. Renovation of the building, I 18 believe, is how it was written. You couldn't 19 spend -- the money could only be spent on the 20 building. But, I mean, we need a roof. We 21 need air conditioning. We need a boiler. 22 Q. A lot of charities keep track of 23 the percentage of donations that actually is
1 object. It is not reasonably calculated to 2 lead to discoverable evidence. I am going to 3 instruct she doesn't have to talk about it. 4 MR. TALTY: Y'all raised the 5 issue that a grant was lost because of this 6 lawsuit. And I'm just following up on the 7 door that is now open. 8 MR. DONALDSON: Well, I didn't 9 open any such door, and I am instructing her 10 not to talk about it. We have wasted enough 11 time here. 12 MR. TALTY: Well, her co-counsel 13 did. But you are instructing her not to 14 answer; correct? 15 MR. DONALDSON: The record speaks 16 for it. 17 MR. TALTY: You are instructing 18 her not to answer the question; correct? 19 MR. DONALDSON: I'm not going to 20 answer your questions. You direct the 21 questions to the witness, not to me. 22 MR. TALTY: I'd like to. I sure 23 would like to.	1 used to benefit the folks that the charity 2 services; in your case, your clients. Do you 3 know what percentage of the amount, the 4 revenue you take in, is actually used to 5 benefit the clients? 6 A. Bob Prescott would know that. I 7 -- it would -- I mean, there is no money 8 taken out except for -- 9 Q. But you never -- 10 A. -- salary -- 11 Q. But you've never seen a figure 12 for what percentage of your revenue -- 13 A. Yeah. Bob has it. 14 Q. Do you recall what it was? 15 A. No. I mean, he took the 16 marketing out, and everything else was in. 17 And it was like some -- I don't know. 18 Q. Do you know what percentage the 19 overheads of -- cost of running Freedom Rain 20 are as to a percentage of the revenues you 21 receive? 22 A. Yeah. Not nearly enough. Our 23 cost per month is about 229 to \$243,000 now.
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<p>1 I don't know what it was then. And donations 2 are -- are really down. We haven't lost any 3 donors, but the amount they give is down. 4 And our, you know, grants are down. And the 5 econ -- and the bills are up, so a lot of 6 bills are behind. But we are visiting, and, 7 hopefully, we will be able to survive. I am 8 believing that.</p> <p>9 Q. You mentioned appropriations. 10 What are those?</p> <p>11 A. You know what? I really don't 12 know.</p> <p>13 Q. And you mentioned partnering with 14 churches. Can you tell me about that?</p> <p>15 A. The churches give a monthly 16 amount.</p> <p>17 Q. Is that to place some of their -- 18 are their clients from those churches?</p> <p>19 A. No, no, no, no, no. Churches 20 come in now and do -- not then -- but they do 21 at lot of volunteers. People come. They 22 volunteer. And they will maybe give -- a 23 little church may give \$200 a month. A big</p>	<p>1 make sure her women were in there. And, you 2 know, it's in the morning. It's 30 minutes. 3 Most all of us want to go. Traci never said: 4 I don't want to go. So I think she was 5 probably there most days, but I didn't really 6 check.</p> <p>7 Q. Ms. Spahn, my question is simple: 8 Was she required to go?</p> <p>9 A. Mr. Talty, my answer is not going 10 to change. I do not make someone go to the 11 services. They are -- they -- they have to 12 make sure their clients are there, so they 13 would be in the service to make sure their 14 clients are there.</p> <p>15 Q. But they are not required to go 16 themselves?</p> <p>17 A. It is not, if you don't go to 18 this service, no. But how else would they 19 know their clients were there if they weren't 20 in there?</p> <p>21 Q. I am just asking you if they were 22 required to go.</p> <p>23 A. Okay.</p>
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<p>1 church may give a thousand a month.</p> <p>2 Q. And you hold some services at 3 Freedom Rain; correct?</p> <p>4 A. Yes. Every single day, every 5 Wednesday, two times on Sunday, and countless 6 other little meetings.</p> <p>7 Q. Are the client representatives 8 required to attend those?</p> <p>9 A. No. They -- most of the client 10 reps go to other churches.</p> <p>11 Q. At the time Traci Jones was 12 there, was she required to attend any 13 services?</p> <p>14 A. Not unless she was working that 15 day. She went to church in Pinson.</p> <p>16 Q. What -- what days of the week 17 were her assigned days to work?</p> <p>18 A. Well, if she wanted to work on a 19 weekend, she would work on a weekend. 20 Otherwise, just Monday through Friday.</p> <p>21 Q. So Monday through Friday, she was 22 required to attend services at Freedom Rain?</p> <p>23 A. She was -- she was supposed to</p>	<p>1 Q. Am I correct that Judge Bowdre, 2 to your knowledge, has not made a donation to 3 this center?</p> <p>4 A. Who?</p> <p>5 Q. Judge Bowdre, Karon Bowdre.</p> <p>6 A. No.</p> <p>7 Q. She's the judge on this case.</p> <p>8 A. Okay. No.</p> <p>9 Q. No, she has not?</p> <p>10 A. No, to the best of my knowledge.</p> <p>11 Q. I understand. Does your CFO 12 calculate that client fee of a hundred 13 dollars a week?</p> <p>14 A. It's not a hundred anymore. It's 15 130.</p> <p>16 Q. I'm talking at the time Traci was 17 there.</p> <p>18 A. No. Actually, I did that. I 19 called Alethia House to see how much they 20 charge, and they charge 125. That sounded 21 high then, so I backed ours down to 100. 22 Should have been 125. Chris knew what he was 23 doing.</p>

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1 Q. So it's not -- it's not based on 2 taking your expenditures and less donations 3 and dividing it by the number of ladies you 4 had to make up for the shortfall? 5 A. There is no way it would reach. 6 The client fees is just a small part of it. 7 Q. To your knowledge, did -- have 8 you or your family members taken any 9 donations, monetary or goods -- 10 A. Absolutely, positively not. 11 You're talking money? 12 Q. I'm talking money or goods. 13 A. Oh, no. Occasionally, if someone 14 -- if -- like if a company gave a whole lot 15 of meat or something, we would hand it out to 16 the client reps -- if our freezers wouldn't 17 hold it, we would give it to the client reps, 18 and perhaps, me or Melinda would have gotten 19 some of that. 20 Occasionally, if clothes come 21 in -- I -- I never have, Melinda never has. 22 But Miranda has probably has taken some for 23 her children or something like that because	1 there, occasionally, one of the -- someone 2 running for office, I can remember a couple 3 of times, they would ask my ladies to hold -- 4 stand out in the street and wear T-shirts or 5 something to pass out something, something 6 like that. But basically, I'm afraid to do 7 any of that because probably the one I'd want 8 wouldn't get it, and then the other one would 9 be mad. So I don't do that. 10 Q. The ladies wearing T-shirts, did 11 that occur when Traci was there? 12 A. Maybe. I don't remember. 13 Q. Okay. Has Freedom Rain ever 14 given any monetary donations? 15 A. To? 16 Q. People running for office or 17 holding office. 18 A. No. 19 Q. Does Freedom Rain ever provide 20 work services of any of their clients to 21 folks that have given -- given contributions 22 to the center and not -- those -- those 23 clients not been compensated for that work?
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1 she doesn't get paid, just as I have let the 2 other people. 3 Q. Is the board aware of that? 4 A. Yeah. We're talking about less 5 than probably \$50. 6 Q. Do you have any policies and 7 procedures regarding taking donations of -- 8 of meat or clothes? 9 A. Yeah. What happens is we give 10 them first to the ladies who don't have 11 anything. That would be first. Second would 12 be to staff if they need it. We gave 13 staff -- we give them vouchers every once in 14 a while to get something because they're 15 drastically underpaid in my opinion. 16 And if they have children, and 17 when kids are starting to school and all, if 18 we have a whole lot of extra, we give that to 19 them. We let them stay in the day care, 20 things like that. 21 Q. Does Freedom Rain do any 22 political lobbying, to your knowledge? 23 A. No, not now. When Traci was	1 A. Say that again. 2 Q. You mentioned earlier the 3 clients, you try to get them jobs? 4 A. Yes. 5 Q. Okay. Do they ever get jobs 6 where they're not compensated? 7 MR. TALTY: Your attorney said 8 something and I couldn't quite hear it. 9 MR. DONALDSON: I'm trying to 10 figure out what you're talking about. 11 A. I'm a little bit confused. 12 MR. DONALDSON: Your questions 13 don't make -- I'm not understanding your 14 questions. 15 Q. My question is: If I understand 16 your earlier testimony, you try to find jobs 17 for the clients of Freedom Rain; correct? 18 A. After they're -- after we feel 19 like they're -- they're ready to go out. If 20 they're still just right on drugs, no. We 21 have to work them inside the center. Or, for 22 instance, some of the churches might need 23 cleaning, and they might go clean a church or

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1 something like that as good will. They have 2 community hours. 3 Q. When they go clean a church, if 4 they have a drug problems, do they have 5 somebody that oversees them? 6 A. Yes. 7 Q. Okay. Who would that be? 8 A. Whoever is at the church, I 9 guess. 10 Q. I mean, do y'all provide anybody 11 to oversee your clients? 12 A. Well, I mean, if we would have 13 cleaned a church with Traci, Traci would have 14 overseen them. If they go to Cahaba, 15 probably somebody at Cahaba would oversee 16 them. That's the only two I know of. 17 Q. So it would be a client 18 representative would be with them in -- 19 A. No. Not all the time. I just 20 let them go with Traci to help Traci. I 21 don't think she paid them. 22 Q. You had mentioned if they are not 23 ready to go out, like they're still on --	1 looking for an answer from you. 2 A. I'm not looking for an answer. 3 MR. DONALDSON: Just -- you said: 4 I don't know. Leave it at that. 5 A. Okay. I don't know. 6 Q. Have you -- have you ever 7 assigned clients to do work for any of your 8 relatives for which the client was not 9 compensated? 10 A. Are we talking then? 11 Q. Let's talk now. 12 A. I don't know. I don't think so. 13 I don't know. 14 Q. Is that same answer true for now? 15 A. Occasionally, someone will call 16 the center and say they need their house or 17 something cleaned, and the women will go. 18 Normally, the person just pays the woman. I 19 cannot think of any instance other than 20 something like that. 21 Q. So you're saying now, after Traci 22 left, there have been instances where 23 occasionally they did work for someone where
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1 still having drug problems, you'd let them do 2 something like clean up a church. My 3 question is: Who watches them while they are 4 doing that? 5 A. Well, I don't know. I don't know 6 who. We don't just turn them loose. It all 7 depends on how they do. There might be a 8 senior person might there, might not. The 9 churches normally really help us, and these 10 girls are trying. We're not just sending a 11 bunch of derelicts out. 12 Q. Once these ladies -- when -- 13 strike that. 14 Have there been occasion where 15 you had clients go work for people that the 16 clients weren't paid for? 17 A. I don't know. I really don't. 18 Q. Look at me rather than your 19 attorney. 20 MR. DONALDSON: She can look 21 where she wants to. She said she doesn't 22 know. 23 MR. TALTY: Well, I think she's	1 they weren't paid? 2 A. I know for a fact this week. 3 That's what I'm thinking about. This week my 4 cousin needed two women to clean her house, 5 and she came and picked them up. And I would 6 assume she paid them. I didn't look at it. 7 I don't know. But she asked me how much, and 8 I told her to pay them something. I think \$7 9 an hour is what I told her to pay them. That 10 that would be reasonable. She is my cousin, 11 and I just told her that. I don't -- I don't 12 know. 13 Q. That's the only instance you can 14 think of? 15 A. Yeah, I think. I mean, that's 16 all I can think of. 17 Q. Did -- you occasionally mentioned 18 you get donations that aren't monitored. I 19 think you mentioned maybe clothing given to 20 you. 21 A. I said I don't get any clothing. 22 Q. No. You mentioned donations to 23 Freedom Rain is what I mean --

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<p>1 A. Yeah. 2 Q. Of meat and clothing? 3 A. Well, I can only remember one 4 time meat. That's why I said that. We got a 5 lot of meat, and we gave it -- we gave it to 6 Olivia's House. We gave it to the foundry. 7 We gave it to the client rep. We gave it out 8 because there was so much and we didn't want 9 it to waste. We gave it to other nonprofits 10 too. 11 Q. Well, that really wasn't my 12 question that I was going to, but since you 13 brought that up, who -- who gave you that 14 meat? 15 A. Oh, Lord. I don't have no idea. 16 I don't remember. 17 Q. Do you remember when it was? 18 A. No. I just remember something 19 about it. 20 Q. It was apparently a lot. That's 21 why I asked. 22 A. One of the -- sometimes people 23 will give us an unbelievable amount of</p>	<p>1 distinct. And she's a -- it's a nonprofit. 2 If it's formed under Alabama law as a 3 nonprofit corporation, it remains a nonprofit 4 corporation, even if the IRS doesn't grant it 5 501(c)(3) status. 6 A. It is a 501(c)(3) status. 7 MR. DONALDSON: I understand 8 that. But he -- we've spent hours on stuff 9 that's so totally unrelated to anything that 10 could possibly be relevant. 11 MR. TALTY: You finished? 12 MR. DONALDSON: The only reason I 13 am pointing this out. 14 MR. TALTY: Are you finished? 15 MR. DONALDSON: Yeah, I'm 16 finished. 17 Q. Okay. Ms. Spahn, who makes the 18 valuation of in-kind gifts? 19 MR. DONALDSON: I'm going to 20 object and instruct her not to answer because 21 it's irrelevant and not reasonably calculated 22 to lead to relevant evidence on a Friday 23 afternoon when we ought to be finishing up</p>
<p>Page 115</p> <p>1 something and we -- they will. It beats all 2 I have ever seen. And we will get so much of 3 it. So we will send it to Olivia's House 4 down the street. We'll send it to the 5 foundry. The foundry does that to us. I 6 mean, if somebody calls and they say: We 7 have got nine pallets of chicken. 8 We'll say: Yes. 9 And then we call the foundry: 10 Hey, come get it. 11 Q. Do you provide folks that donate 12 that with an estimate of what the value was 13 so they can use it for -- 14 A. It's called in-kind donations or 15 like-kind. 16 Q. Yes. 17 A. And yes. 18 (Discussion held off the record.) 19 MR. DONALDSON: Counsel seems to 20 not appreciate the distinction between 21 whether or not this is a nonprofit 22 corporation with whether it has 501(c)(3) 23 status, totally -- not unrelated, but</p>	<p>Page 117</p> <p>1 and getting out of here. 2 Q. Ms. Spahn, please answer the 3 question. 4 MR. DONALDSON: She is not going 5 to because I just told her not to. 6 MR. TALTY: We'll have to try to 7 reach the judge at the end of the deposition 8 to see if we can get a ruling on this or to 9 see if we have to continue. 10 Q. Are there any other -- strike 11 that. 12 Are there written policies and 13 procedures on clients working? 14 A. Yes. Melinda and Lindsay have 15 some -- yes. But I don't know it all. I 16 don't -- I don't have it before me. They 17 have to work some so they have something 18 to -- to do if they're at the center. I 19 don't want it if it's not good for these 20 people. 21 Q. Ms. Spahn, I'm not sure that's 22 responsive to my question. I think you 23 answered my question.</p>

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1 Do -- has Freedom Rain ever paid 2 overtime to a client representative; do you 3 know? 4 A. No. 5 Q. Has Freedom Rain paid overtime to 6 anybody else? 7 A. No. I wish it would pay it for 8 me. 9 Q. Is the sole -- sole reason that 10 Freedom Rain does not pay overtime to its 11 client representatives because they claim 12 they're exempt because they're nonprofit? 13 A. You know what, Mr. Talty? If we 14 had the money, I would love pay them anything 15 because they work very hard. We don't have 16 any money. 17 Q. Well, that's not my question. Is 18 the reason that you don't feel like you have 19 to pay them overtime is because -- 20 A. No one -- 21 Q. -- you are exempt as a nonprofit? 22 A. The question had never been 23 raised until you raised it.	1 come back to work, and then she filed this 2 lawsuit. Had she called me, I would have 3 worked this out. 4 Q. Now, did you originally hire 5 Traci? 6 A. No. Melinda did. 7 Q. Did you have any conversations 8 with Traci before she was hired? 9 A. I don't remember. 10 Q. Did you ever promise Traci that 11 she was going to have insurance paid for by 12 -- by Freedom Rain? 13 A. Yes. And she did for a short 14 period. 15 Q. And why was that dropped? 16 A. Because we don't have any money. 17 Everybody's was dropped. 18 Q. Did you maintain insurance for 19 any of the other client representatives? 20 A. No. 21 Q. Did you maintain insurance for 22 any of your relatives that worked at Freedom 23 Rain after Traci's insurance was stopped?
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1 Q. After I raised it, is the reason 2 you didn't consider paying overtime to your 3 client representatives because you feel you 4 are nonexempt? 5 A. After you raised it, I absolutely 6 forbid anybody except for my daughter, 7 myself, Rosie, and Bob to work over 40 hours 8 a week. They cannot work over 40 hours a 9 week. 10 Q. Did you -- do you have any 11 defense to Ms. Jones's claims other than that 12 you regard yourself -- Freedom Rain as a 13 nonprofit? 14 MR. DONALDSON: I'm going to 15 object. That's not a proper question. 16 She's -- her lawyer will determine what 17 defenses she has. You are entitled to ask 18 her what the facts are. 19 A. My lawyer will determine what 20 defenses I have is the answer. 21 If Traci had just written me a 22 letter or come and asked. In May, Traci 23 called and talked to Lindsay and wanted to	1 A. My daughter and me. 2 Q. And it was stopped for everybody 3 else that was getting it? 4 A. No. The executive staff still 5 got it, but not -- not the client reps. They 6 stopped for a while. 7 Q. And who approved the decision to 8 stop insurance benefits to the client reps? 9 A. We could not afford them. 10 Q. Who made the decision is my 11 question? 12 A. Either Rosie or Melinda, that we 13 could not afford it. 14 Q. Did you have anything to do with 15 that decision? 16 A. No. But I supported it. 17 Q. When you say you supported it, 18 did they bring that decision to you before it 19 was actually implemented? 20 A. I'm sure. 21 Q. Has Freedom Rain been involved in 22 the adoptions of any children? 23 A. Freedom Rain, no.

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1 Q. Has Freedom Rain received any 2 funds from the adoption of any children? 3 A. Absolutely not one dime. I have 4 an adopted son. 5 Q. I understand, but that's not my 6 question. 7 My question: Has a -- had a 8 client ever been kicked out of a Freedom Rain 9 program because they did not want to allow 10 their child to be adopted? 11 A. Absolutely not. Our goal is to 12 reunite mothers and children. 13 Q. I understand. I'm just asking 14 the questions. Who -- are there financial 15 statements prepared for Freedom Rain? 16 A. Absolutely. 17 Q. Who prepares those? 18 A. Rosie and an independent auditor 19 named Mike that I don't recall the last name. 20 Q. What kind of financial statements 21 do you see? 22 A. Every month, they are all put in 23 a binder and then the auditor gets them and	1 Megahee's salary? 2 A. Yeah. 3 Q. What would those financial 4 statements be? 5 A. W-2s, 1099s, payroll records. 6 Q. Where are the records of Freedom 7 Rain kept? 8 A. 7916 2nd Avenue South. 9 Q. Any other place? 10 A. No. 11 Q. Do you personally -- do you keep 12 any records personally -- 13 A. No. 14 Q. -- at your home or any place 15 else? 16 A. No. 17 Q. Who keeps the records at the -- 18 at the Lovelady Center? 19 A. Rosie Mullin. 20 Q. Now, when you say -- okay. Would 21 those records include the records of the food 22 purchases? 23 A. Of what?
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1 works on it and does the tax return. 2 Q. Do you know the names of any of 3 those financial statements? 4 A. Well, there would be profit and 5 loss and balance sheets. 6 Q. Anything else? 7 A. I think that's all there is. 8 MR. DONALDSON: By definition, 9 that's all there is. 10 A. That's what I think. Is that a 11 trick question? 12 MR. TALTY: Let's not prompt her. 13 MR. DONALDSON: I'm not prompting 14 her. I'm just telling you what the 15 dictionary says a financial statement is. 16 Do you recall any other financial 17 statements other than the profit and loss and 18 the balance sheets. 19 A. I don't -- we might have them. I 20 don't know what any of them would be called 21 other than that. 22 Q. Okay. Are there any financial 23 records that show your salary and Melinda	1 Q. Records of the food purchases? 2 A. I'm sure. 3 Q. Where does Freedom Rain have its 4 accounts? 5 A. Renaissance. Melinda and Rosie 6 changed, but I don't know the names of the 7 banks. 8 Q. It's no longer at Renaissance? 9 A. No. They have Renaissance and 10 another one -- 11 Q. Had another one? 12 A. -- and I don't know the name of 13 it. 14 Q. What kind -- is that a checking 15 account there? 16 A. Obviously. There's no savings. 17 Q. Okay. Other than those two 18 accounts, that's all of the accounts that you 19 are aware of? 20 A. Yes. 21 Q. And the Renaissance Bank is here 22 in Birmingham; right? 23 A. Yes.

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1 Q. And what -- what funds go into 2 those two accounts? 3 A. Every dime we can possibly scrape 4 up every single day. 5 Q. I understand. My question is: 6 Do you put certain types of funds in one 7 account and other sources of funds in another 8 account? 9 A. It all goes in one account, and 10 then Rosie does it on the computer, and then 11 the computer puts it in the different 12 categories. 13 Q. And maybe I misunderstand. There 14 is not currently two accounts; there is just 15 one account? 16 A. You misunderstood. There's two. 17 One at Renaissance, and one at -- 18 Q. And some other bank you're not 19 sure? 20 A. Yes. 21 Q. My question is: When a dollar 22 donation comes in, how do you decide which 23 bank to put it in; do you know?	1 Alabama has about six girls. There was not 2 one then, I don't think. She has about six 3 girls. But they're closing that center. 4 Q. And who is your daughter-in-law? 5 A. Kim Gregory, Beau's wife. 6 Q. Kim Gregory. Do you use the same 7 accountant for your personal taxes -- oh, you 8 mentioned -- I'm sorry. You mentioned a 9 lady. Strike that. 10 What are your policies and 11 procedures regarding food stamps? 12 A. Like all the other nonprofits, we 13 get food stamps on clients that are in the 14 center, but it's not like -- I used -- I used 15 to think food stamps were like a book that 16 you go through the grocery store. It's not 17 like that anymore. They give cards and then 18 they scan them. 19 Q. Is that the way it was when Traci 20 was there; they gave them cards? 21 A. That's how it's always been. It 22 is with every nonprofit. 23 Q. And does Freedom Rain get any of
1 A. Melinda and Rosie does that. I 2 think -- you know what? I think just Rosie 3 does that. I don't think Melinda does it. 4 Q. But you don't know the basis of 5 how she decides which bank is going to get 6 the funds? 7 A. I have no idea. 8 Q. Do you know if any members of 9 your family have made any withdrawals from 10 those two accounts? 11 A. Absolutely not. None of my -- no 12 members of my family or am I on the checking 13 account. Oh, Melinda would be. 14 Q. Do you have relatives in what's 15 called the Northern District of Alabama, 16 which is basically Birmingham North, other 17 than the folks you mentioned? 18 A. No. I'm an only child. I have 19 very few relatives. 20 Q. Are there any other Lovelady 21 Centers other than the one operated by 22 Freedom Rain? 23 A. My daughter-in-law in Foley,	1 those food stamp funds? 2 A. They get them all. 3 Q. Okay. And how do you get them? 4 A. You swipe it in some kind of 5 card. I have never done it. But they get 6 like -- it looks like a little credit card, 7 and then they're swiped two times a month. 8 Q. Who swipes the cards? 9 A. Brandy McDaniel. 10 Q. Who is Brandy McDaniel? 11 A. She is the food stamp lady. I 12 don't know. She just works with that. 13 Because it's a full-time job, making sure you 14 get the right ones in because when someone 15 leaves, you have to take them out and have to 16 put them in. 17 Q. Okay. Now, is Brandy McDaniel, I 18 take it, she is a Freedom Rain employee? 19 A. Yes. 20 Q. Who does she report to? 21 A. Rosie. She's in the accounting 22 department. Rosie's responsible for it. 23 Q. Do you or Melinda Megahee have
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1 anything to do with it? 2 A. I have never even scanned one. I 3 have never seen an application. No. 4 Q. Let me go back to my earlier 5 questions. I'm not sure I wrote the answer. 6 Does Freedom Rain have policies 7 and procedures that were in effect when Traci 8 was there regarding food stamp cards? 9 MR. DONALDSON: What does this 10 have to do with whether your client was 11 engaged in interstate commerce? 12 Q. Respond, please. 13 A. I don't know. I don't know. I 14 don't -- I don't know. I don't know at what 15 point. We didn't always get food stamps. 16 They started giving them at some point. I 17 don't know when. I have never been to the 18 food stamp office. I have never swiped a 19 card. I have never filled out an 20 application. That's done in accounting. I 21 really don't even know. All I know is two 22 times a month we get some money. 23 Q. Now, the food stamp office, you	1 Q. Are the clients required to turn 2 over their cards to Brandy? 3 A. Yes. That's part of the 4 program -- not to Brandy. They come in the 5 mail to Freedom Rain. 6 Q. Okay. And they are received by 7 Rosie? 8 A. Rosie. 9 Q. Does Rosie give them to Brandy to 10 swipe them? 11 A. You know what? I don't know how 12 she does it. Rosie -- Brandy may go to her 13 office. I don't know. 14 Q. Are clients instructed to apply 15 for a food stamp card? 16 A. We try to get everyone to because 17 it helps pay for the fees and pay for the 18 food. However, not all clients qualify 19 because some of them have a drug felony. 20 There's something about if you have got a 21 drug felony, you can't. So a good -- most -- 22 a good portion of our women don't get food 23 stamps because they have a drug felony.
1 are talking about within Freedom Rain or 2 outside of Lovelady Center? 3 A. Outside. We don't have a food 4 stamp office. We have accounting. 5 Q. But this Brandy McDaniel is at 6 the Freedom Rain Lovelady Center? 7 A. Yes. But she works under Rosie 8 Mullin. Rosie knows all about the food 9 stamps. 10 Q. Your understanding is Brandy gets 11 the food stamp cards and swipes them at the 12 -- 13 A. No. I think Rosie probably gets 14 them and Brandy swipes them because it 15 takes -- you know, it's a chore. 16 Q. That takes place at the Lovelady 17 Center? 18 A. What? 19 Q. That takes place at the Lovelady 20 Center? 21 A. Yes. At a machine. And I don't 22 know where in the Lovelady Center the machine 23 is.	1 Q. Do you know if -- strike that. 2 Have you ever instructed management 3 or clients that they should not tell the 4 truth on a food stamp application in order to 5 get these cards? 6 A. Well, absolutely not. It 7 wouldn't do any good if you wanted to because 8 it's checked through the state. 9 MR. DONALDSON: Just say no and 10 be quiet so we can get out of here. 11 A. I'm sorry. 12 Q. Do -- it's 12:30. 13 A. I'm fine. I'd rather finish. 14 MR. TALTY: David, are you fine? 15 MR. DONALDSON: I'm fine. 16 Deborah is fine. She is nodding her head. 17 Q. Have you ever been the subject of 18 a civil lawsuit? Have you ever been a party 19 to a civil lawsuit? 20 A. Yes. 21 MR. DONALDSON: You answered his 22 question. 23 A. It's no big deal. I don't mind
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1 telling him. 2 MR. DONALDSON: But you answered 3 his question. 4 A. Okay. 5 Q. You have been? What was the suit 6 about? 7 A. I refused to pay the rent on two 8 buildings. 9 Q. Did you prevail or the other 10 side? 11 A. One, I did; one, they did. Oh, I 12 got sued one time because this employee, a 13 long time ago in the tax office, wanted me to 14 pay their Blue Cross insurance, and I did not 15 pay it. And I won. I prevailed. 16 Q. So you've previously been sued 17 three times, civil lawsuits; is that correct? 18 A. Yeah. That's -- that's all I can 19 think of, yes, sir. 20 Q. Are all those here in Jefferson 21 County? 22 A. I think so, yes. 23 Q. Does Freedom Rain prepare W-2s?	1 A. No. She just went to work after 2 Freedom Rain. She didn't work for Freedom 3 Rain. She just started the Lovelady Center 4 in Foley. 5 Q. Do you know who the major food 6 suppliers are for Freedom Rain clients? 7 A. I have no idea -- yes. I think 8 SYSCO. 9 Q. When clients leave, what happens 10 to their food stamp cards? 11 A. It all depends on when they leave 12 and how it -- how it works. They -- 13 normally, they transfer it to where they're 14 going or -- we are not allowed to scan them 15 after they leave. So I don't know what -- 16 they have to re-apply wherever they go if 17 they can apply for food stamps. Our goal is 18 to help them where they don't have to do 19 that. 20 Q. Does Freedom Rain destroy their 21 cards when they leave the center? 22 A. No. They are not good in the 23 machine anymore. I imagine they destroy
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1 A. Yes. 2 Q. Does it prepare them for the 3 client representatives? 4 A. I don't know. They give them 5 1099s or W-2s. 6 Q. Do you know which? 7 A. No -- yes. At that time, 1099s. 8 I think now W-2s, but I don't know. 9 Q. Do you know when you started 10 giving client reps W-2s? 11 A. No. 12 Q. Do you know if it was -- do you 13 have any sense; a year ago, two years ago? 14 A. I don't have any idea. 15 Q. Earlier we talked about Debt 16 Relief Services. Did any of your family 17 members or their spouses work for Debt Relief 18 Services before it was acquired by Freedom 19 Rain? 20 A. Yes. Kim Gregory, Beau's wife. 21 Q. And she went to work for Freedom 22 Rain after she -- after Debt Relief Services 23 was acquired?	1 them. I don't know. 2 Q. How -- how would the state know 3 that they've left? Does Freedom Rain inform 4 the state the client has left? 5 A. When a client leaves, they either 6 are going somewhere else so they would want 7 their food stamp card or whatever they are 8 doing. I mean, the clients generally notify 9 them and we do too. We just aren't allowed 10 to scan them when they leave. We have to 11 take them off their report. 12 Q. And you're saying the machine 13 won't take them even if you tried to scan 14 them; is that correct? 15 A. Yeah. I mean, I would imagine. 16 But I imagine -- I -- I don't know if they 17 cut up the cards or what. 18 Q. Who would be responsible? 19 A. Rosie. 20 Q. Rosie would know about it? 21 A. Yeah. Rosie knows all this. 22 Q. Does Freedom Rain have different 23 programs, or is it one program?

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<p>1 A. Different. 2 Q. What are the programs? 3 A. I went over it. It's the drug 4 treatment, the transitional, the child care, 5 the education. That's it. The substance 6 abuse, which is the rehab. 7 Q. Are the client reps trained on 8 all those programs? 9 A. No. They're not on anything but 10 the transitional. Now, that's not how it was 11 when Traci was there because we weren't 12 certified then. 13 Q. How was it when Traci was there? 14 A. We just pretty much did the 15 transitional. I don't remember how much was 16 in place when she left. She was in, you 17 know, fairly early in the program. 18 Q. Do you know if she was instructed 19 on how to do the transitional program? 20 A. That would probably be all. 21 Q. But you're not sure? 22 A. Not positive, because I don't 23 remember when she left. And then -- the</p>	<p>1 A. No. Because a lot of the girls 2 have to work in the kitchen and all. I 3 really don't know. Maybe 30. I don't know. 4 Q. Thirty to 50 employees? 5 A. You can put -- yeah. 6 Q. I don't want to put words in your 7 mouth. 8 A. I just don't want to mislead you, 9 and I don't -- I don't know the number. 10 Q. Would Rosie know that? 11 A. Rosie would know it. 12 Q. Does Freedom Rain employ 13 consultants? 14 A. We have so many volunteer 15 consultants. I can't think of any. 16 Q. What does your husband currently 17 do for a living? 18 A. Now he is working with Freedom 19 Rain. 20 Q. What does he do? 21 A. He is like -- right now, he is 22 working on a fund-raiser that we're having. 23 Sometimes he fixes the plumbing. Just all</p>
<p>1 house -- 2 Q. If I told you it was August 2007 3 -- 4 A. I still wouldn't -- that wouldn't 5 mean anything to me. Because when we began 6 the program, how it is now and how -- with 7 what the goal was the whole time, so at 8 different times, things became certified. 9 Q. Do you know what department of 10 the state of Alabama does the certification 11 you are referring to? 12 A. Mental health. But we have our 13 certificate if you want to see it. 14 Q. Would you provide it to -- I 15 believe you, but if you want to provide it to 16 your attorney. 17 How many employees are in the 18 staff of Freedom; do you know? 19 A. I don't have the exact number. 20 Q. Do you know about? 21 A. Fifty -- 40. 22 Q. Forty to 50 total number of 23 employees?</p>	<p>1 depends. 2 Q. Does he have a title? 3 A. No. 4 Q. Does he have a salary? 5 A. Yes. 6 Q. Do you know how much he's paid or 7 supposed to be paid? 8 A. 700 a week. 9 Q. At the time Traci Jones was 10 there, was he employed there? 11 A. No. 12 Q. Does he own any side 13 businesses -- 14 A. No. 15 Q. -- other than Freedom Rain? Does 16 he have any properties that you're aware of? 17 A. He's lost them all. 18 Q. Do you know of any instances 19 where the personal funds of a -- of a client 20 that were taken from them by Freedom Rain? 21 A. Yeah. I know the one you're -- 22 that Traci told you about, and it's the only 23 instance. Would you like to hear what</p>

<p>Page 142</p> <p>1 happened? 2 Q. Sure. 3 A. Mayor Langford came to the 4 center. We had a lady at the center named 5 Christi something. I don't remember her 6 name. And she came to the center. And she 7 is just -- she's got about a fifth grade 8 education, and she has a daughter that was 12 9 that was raped by her uncle. They stayed at 10 the center for months. 11 And when Mayor Langford came, he 12 gave her the -- they took up an offering, and 13 she got \$400. We kept the money in the 14 office for her and then gave it out to her. 15 Now we keep her child in the day care for 16 free and the 12-year-old goes to school there 17 for free. 18 Q. How sure are you that the amount 19 was \$400? 20 A. I know it was 400 and something. 21 Q. Now, at the time, did you have 22 her permission to take those funds -- 23 A. Absolutely. And the two bankers</p>	<p>Page 144</p> <p>1 A. No. We have -- Bob Echols, the 2 attorney, is on our board. We have had two 3 women to place their children for adoption, 4 and they were at our center. But I had 5 absolutely nothing to do with it, nor did 6 Freedom Rain. No money was received. 7 Q. Are you saying Mr. Echols handled 8 that? Or he received -- 9 A. Yes. 10 Q. He handled that as an attorney? 11 A. Yes. 12 Q. Okay. Do you know who the women 13 were? 14 A. Kelly somebody, and I don't 15 remember the other name. I have an adopted 16 son. My son in Gulf Shores had an adopted 17 daughter. And my youngest daughter has two 18 adopted children. 19 Q. Well, did you adopt them from 20 clients of Freedom Rain? 21 A. No. Well, actually -- ready for 22 this -- I adopted [REDACTED] in 2000. And one 23 day I got a call from Tutwiler, and they sent</p>
<p>Page 143</p> <p>1 that gave to it, I told them what we were 2 doing. She cannot handle money, they would 3 spend it all, and the baby would not have 4 diapers. She does not have any education. 5 She does not know how to -- it's one of the 6 saddest cases we've ever had at the center. 7 Q. What is her name? 8 A. Christi something. I don't know 9 her last name. Her daughter's name is 10 Porsche, 12-year-old raped by her uncle. 11 Q. Has Freedom Rain facilitated any 12 adoptions in any way? 13 A. No. You asked me that. 14 Q. I wasn't sure I asked it in that 15 manner. So I wanted to be sure -- 16 A. You did. It's not going to 17 change. 18 Q. I just want the truth, whatever 19 that is. 20 A. Wait a second. What is 21 facilitate? 22 Q. Help someone get -- someone adopt 23 a child.</p>	<p>Page 145</p> <p>1 [REDACTED] biological mother to Tut -- to us. 2 And that was hard for me to swallow, but we 3 took her and she's there. 4 Q. At the time you adopted the 5 child, she was not at Freedom Rain? 6 A. No. I didn't have Freedom Rain 7 then. 8 Q. What was her name? 9 A. I'm not going to answer that. 10 MR. DONALDSON: What does this 11 have to do with -- 12 A. I'm just not going to -- that's 13 my son. 14 MR. DONALDSON: Why are we -- why 15 are we going down this road? 16 A. I'm not going to answer anything 17 about our children. This is -- that's 18 ridiculous. 19 MR. DONALDSON: You're invading 20 people's privacy over -- 21 A. He's nine years old, for God's 22 sake. 23 MR. DONALDSON: Stop. You are</p>

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<p>1 invading people's privacy over things that 2 are so beyond -- 3 A. You're not touching the kids. 4 MR. DONALDSON: Be quiet a 5 minute. 6 A. Okay. 7 MR. DONALDSON: You're invading 8 people's privacy here. And you're not even 9 beginning to touch on anything -- 10 A. Ask me about Traci doing drugs at 11 the center, Mr. Talty. 12 MR. DONALDSON: That's not 13 relevant either. 14 MR. TALTY: I'll listen. 15 MR. DONALDSON: Let's stick with 16 what this lawsuit is supposed to be about. 17 Is that asking too much? 18 MR. TALTY: Are you finished? 19 A. I don't mind answering anything, 20 but I'm not going to answer about my 21 children, my little ones. 22 Q. Rest assured we wouldn't do 23 anything to harm the relationship between you</p>	<p>1 to ask her questions, at least let her 2 finish. I'd prefer that you let her finish. 3 A. Traci -- the reason she was a 4 good client rep is because she had had a past 5 with drugs. Methamphetamine was her drug of 6 choice. 7 Several months before she left 8 the center, she tested dirty or positive for 9 amphetamines. No one that's ever been on 10 drugs should have that. She said she had a 11 prescription for it because she wanted to 12 take diet pills. She was going through a lot 13 with her husband because he was back on 14 opiates. 15 Q. So did -- y'all performed a drug 16 test that was positive? 17 A. For amphetamine. 18 Q. Okay. And she told you she had a 19 doctor's prescription for it? 20 A. For diet pills, that's right. 21 Q. And diet pills could be 22 amphetamines; correct? 23 A. Absolutely they could, but a</p>
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<p>1 and your children. 2 A. I know, but it just -- it just 3 makes me nervous when you start asking about 4 his adoptive mother -- I mean his -- 5 Q. I'll just withdraw the question. 6 A. Thank you. I can tell you this: 7 He's the cutest kid you ever saw. 8 Q. Most kids are cute. All kids are 9 cute. 10 You mentioned a minute ago an 11 allegation about Traci Jones. Do you have 12 any proof that she used drugs at the center? 13 A. Yes. We have drug tests. 14 Traci -- before Traci came to the center, she 15 was on -- 16 Q. My question is very simple. 17 A. Her drug addiction -- 18 MR. DONALDSON: You asked her a 19 question and cut her off before she was 20 finished. 21 MR. TALTY: Well, in interest of 22 time, she mentioned a number of times -- 23 MR. DONALDSON: If you're going</p>	<p>1 crystal meth addict should never take 2 amphetamines. That's Rule No. 1, you never 3 go back. 4 Q. It was -- she had a doctor's 5 prescription, though, didn't she? 6 A. Absolutely. But it can trigger 7 you to make you want to use drugs again. 8 Q. Did you -- did you continue to 9 employ her after the test and after she 10 showed you the doctor's prescription? 11 A. We talked to her a lot about it, 12 yes. And she stayed there, but I believe 13 that that's why she was kind of scattered. 14 Q. Do you have any evidence of drug 15 problems -- 16 A. The drug tests -- 17 MR. DONALDSON: Brenda, you need 18 to wait until he finishes his question 19 because the court reporter can't take down -- 20 A. I'm sorry. I'm so sorry. 21 MR. DONALDSON: Just -- when he 22 finishes, take a deep breath and then answer. 23 A. Do what now?</p>

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1 Q. Are you sure you don't want to 2 take a lunch break or something? 3 A. I'm positive. It's not that. 4 I'm just -- go ahead. 5 Q. Do you have any evidence that her 6 husband had a drug problem? 7 A. She told us. 8 Q. Other than her telling you that, 9 do you have any evidence? 10 A. We didn't go test him, but she 11 told us. 12 Q. Did that have any bearing on her 13 employment with you? 14 A. Yes. 15 Q. What steps did you take? 16 A. We just tried to help her. 17 Q. I'm going to show you a Lovelady 18 Center Vendor Quick Report. Have you seen 19 that before? 20 A. I have seen a lot of them, but I 21 don't know. 22 Q. That was provided to me by your 23 attorney. Do you have any reason to doubt	1 Q. Do you have any reason to doubt 2 those are not client rep sheets for Traci 3 Jones? 4 A. No. They are Traci's. I would 5 imagine. 6 MR. TALTY: I would like to note 7 these as Plaintiff's 4. Do you have any need 8 to attach these to the deposition? 9 MR. DONALDSON: Do whatever you 10 want as far as whether you mark them and -- 11 MR. TALTY: Well, I just want 12 them to be authenticated. So I'll mark this 13 as Exhibit 4. 14 (Plaintiff's Exhibit No. 4 15 marked for identification.) 16 Q. Does Freedom Rain issue its own 17 paychecks and stubs to its client reps, or 18 does it hire somebody to do that? 19 A. Rosie. 20 Q. Rosie issues them, or ask Rosie? 21 What did you mean by that? 22 A. Yeah. Rosie does it. 23 Q. Okay. In the complaint, you were
1 that that's an accurate report? 2 A. No. It looks -- it looks fine. 3 MR. TALTY: Let's make that 4 Plaintiff's Exhibit 2. 5 (Plaintiff's Exhibit No. 2 6 marked for identification.) 7 Q. This document, entitled 8 Acknowledgment of Independent Contractor was 9 provided to me by your attorney. Have you 10 seen that before? 11 A. No. But that looks like one. 12 MR. TALTY: I would like to enter 13 that as Plaintiff's Exhibit 3. 14 (Plaintiff's Exhibit No. 3 15 marked for identification.) 16 Q. I'll show you stack of documents 17 here. They all appear to be Client Rep Time 18 Sheets of Traci Jones. I'll give you a 19 chance to look at those. Those documents 20 were also provided to us by your attorney. 21 A. Traci put a little smiley face on 22 it. Must have been the happier days, huh? 23 Yep, these are client rep time sheets.	1 asked whether Traci Jones started working for 2 Freedom Rain about June 2006 and worked -- 3 worked there until August 2007. And I'll 4 represent to you that that factual allegation 5 of Ms. Jones was denied. Why did you deny 6 that? 7 A. Do what? 8 Q. In the complaint, Item 7, see 9 here (indicating), the question that's asked 10 there -- 11 A. Oh. 12 Q. Why was that denied? 13 MR. DONALDSON: Well, since I 14 drafted the answer, I don't know that she 15 would know that. 16 A. I don't have a clue. 17 Q. Let me rephrase the question: Do 18 you have any reason to doubt that Traci Jones 19 worked there from -- 20 A. I don't know when she worked 21 there. 22 MR. DONALDSON: You will note 23 that it claims she worked for both
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1 defendants, and I will just tell you she did 2 not work for Brenda Spahn. She worked for an 3 entity.	1 Q. Do you have any evidence that it 2 wasn't \$9? 3 A. No. It seems a little high. 4 Q. Are the other client 5 representatives paid less than that?
4 MR. TALTY: I'd rather that Ms. 5 Spahn just answer it.	6 A. Yes. 7 Q. In Item 12 it says, Ms. Jones 8 began her regular work days between 7:30 and 9 8:00 a.m. and she often worked until between 10 6:00 p.m. and 6:30 but at least until 5 p.m. 11 on these days?
6 MR. DONALDSON: If you are going 7 to ask questions about what I put in the 8 answer, I'm going to tell you.	12 A. I don't know. You would have to 13 check her time sheets. I have no idea. 14 Q. Would her time sheets show those 15 times? 16 A. She wrote it down.
9 MR. TALTY: These are factual 10 allegations, and these are her answers. 11 A. No. They're --	17 Q. But was she required to -- to put 18 any specific times that she worked or just 19 total hours? 20 A. No. She was not required. I 21 mean -- she -- no.
12 MR. TALTY: She served as a 13 defendant. Freedom Rain served as a 14 defendant. So these are her answers of 15 factual allegations unless you're saying you 16 didn't consult with her about those answers. 17 MR. DONALDSON: I'm not saying 18 anything. I'm telling you why I put denied 19 down.	22 Q. Here again, I am just trying to 23 understand why -- whether --
20 A. She didn't work for me. 21 MR. TALTY: Let -- is that a copy 22 of the complaint? 23 MR. DONALDSON: This is a -- I	Page 155
1 have -- I'm just letting her see a copy of 2 the complaint since you seem to be asking 3 questions about it. 4 MR. TALTY: I know. And I've 5 shown it to her, and I'll show it to her 6 again. I just want to be sure there 7 aren't any -- 8 MR. DONALDSON: It's just a copy 9 of the complaint. 10 Q. Item 11 of the factual 11 allegations of the complaint says Ms. Jones's 12 straight time rate was about \$9 per hour. 13 A. I don't know. 14 Q. So it's really not denied. It's 15 that you don't know; correct? 16 A. Right. But -- she did -- that 17 was for Freedom Rain. Not me. 18 Q. But you don't have any reason to 19 doubt she was supposed to be paid \$9 per 20 hour? 21 A. No. I don't know. No. I don't 22 think -- she might have made that much. It 23 seems a little high.	1 A. She wrote her time sheet out. 2 She wrote it down. I don't know. 3 Q. She wrote down total hours, 4 though, didn't she? 5 A. No. She wrote down the times. 6 Q. I'm sorry. I think you're right. 7 She does write down some times. Let me ask 8 you about these time sheets. 9 A. I will not know. She wrote them. 10 MR. DONALDSON: Let him ask you. 11 Q. Well, let me ask and you can 12 respond that you don't know. 13 Do you know if Ms. Jones was 14 instructed that she couldn't put down 15 overtime hours on -- on the time sheets? 16 A. No. 17 Q. Is that no, or you don't know? 18 A. No, she was not instructed. 19 Q. Do you know if Ms. Jones usually 20 had to work at her desk rather than have a 21 lunch -- a lunch break? 22 A. Never went down there and 23 checked. She could go to lunch when she

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1 wanted to. I could care less. Just as she 2 might have eaten in the cafeteria and didn't 3 have to pay for it. I don't care. 4 Q. Are you saying that client reps 5 were allowed to eat in the cafeteria and not 6 pay for the food they ate? 7 A. The food is cooked. Sometimes 8 there's more, so she could have gotten food 9 there. I don't know what she did. 10 Q. Isn't it true that clients 11 receive some food, but they can actually pay 12 and buy better food? 13 A. No, not better. All the food 14 should be the same. All the food is the 15 same. 16 Q. Well, isn't some food sold to the 17 clients and some given to the clients? 18 A. If they wanted a hamburger 19 instead of spaghetti, they can buy a 20 hamburger if they're serving spaghetti. But 21 you can always get the spaghetti. 22 Q. Now, were you allowed to get 23 hamburgers and these sorts of things and not	1 about Traci eating. She is eating the food 2 that's provided, not the food that's charged 3 for extra; is that correct? 4 A. Right. Unless she wanted it. 5 Q. And then she would have to pay 6 for it? 7 A. Right. 8 Q. On No. 17 of the complaint, the 9 allegation is: At least once a month, 10 Plaintiff Jones is required to attend a 11 one-hour prayer vigil at TLC and she was not 12 paid for the hours spent at the one-hour 13 prayer vigil. We talked about that earlier 14 in the testimony; correct? 15 A. No. 16 Q. Is this different? 17 A. Yeah. I mean, I would talk to 18 you about the prayer. 19 Q. Was -- 20 A. One weekend a month we set aside. 21 MR. DONALDSON: Let him ask you a 22 question. 23 Q. Go ahead and talk about it.
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1 pay for them? 2 A. Who, me? 3 Q. Yes. 4 A. I keep a tab and I get charged 5 for them. 6 Q. Okay. So you pay whenever you 7 got food but the clients would also have to 8 pay for it? 9 A. Yes. If I -- if the clients paid 10 for it, then we would we would have to pay 11 for it. If the clients got it free, we would 12 get it free. 13 Q. Would Rosie have records of that? 14 A. Probably. 15 Q. Do you have any knowledge of any 16 of your relatives not having to pay for food? 17 A. No. 18 Q. And so -- 19 A. [REDACTED] occasionally will run in 20 the store where the stuff is and he will get 21 a Coke or something, and I'll hear about it 22 later. 23 Q. Did -- and so you are talking	1 A. One weekend a month we set aside 2 to pray for that weekend. And I asked 3 everybody to come to the center and pray 4 for -- it didn't have to be an hour. Just 5 for any time. And so we ask people to come 6 and pray. But you know what? I would ask 7 you to pray for us. You, anybody who wants 8 to pray for us. We need all the prayer we 9 can get. But, yes, I ask them to pray. 10 Q. So it was required? 11 A. No, it's not required. But I 12 ask. 13 Q. Was there any penalty if they 14 didn't? 15 A. Probably. The penalty would be 16 having to listen to me because I thought 17 everybody should pray because we were having 18 such a hard time, and prayer is the only 19 answer. So, yeah, I would want people to 20 pray, but they were not penalized. 21 Q. In 19, Ms. Jones alleges that she 22 often did not receive her paychecks from 23 Freedom Rain on time; is that true?

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<p>1 A. Absolutely. Many times our 2 paychecks are late. That's why I said we 3 couldn't afford the insurance, and that's why 4 I have to make people pay fees. You can't 5 have it every way.</p> <p>6 Q. Was everybody's paycheck 7 withheld?</p> <p>8 A. Everybody's was late --</p> <p>9 Q. Were everybody's paycheck 10 withheld?</p> <p>11 A. -- everybody's was late. And I 12 don't get one. So, yeah.</p> <p>13 Q. So there wasn't a case where some 14 people got paid and some people didn't?</p> <p>15 A. Nobody singled Traci out. As a 16 matter of fact, Traci got hers quicker than 17 most anybody.</p> <p>18 Q. So you're saying some people were 19 paid ahead of others, and Traci was one of 20 them?</p> <p>21 A. Sometimes Traci would get hers. 22 It all depends. For instance, if the ladies 23 lived in -- if whoever worked and lived in</p>	<p>1 they didn't have any expenses, they might not 2 get paid as quickly as Traci or somebody like 3 that. But for the most part, like you 4 wouldn't go to another week without the whole 5 week. We're talking about a few days here.</p> <p>6 Q. All right. Who made the 7 decision? Who made that decision about some 8 folks --</p> <p>9 A. It wasn't an unfair decision. 10 Melinda made it -- no. Rosie makes it.</p> <p>11 Q. Paragraph 20, it says, the 12 allegation is: Ms. Jones was not paid time 13 and a half for all hours worked in excess of 14 40 hours per week when she worked for Freedom 15 Rain.</p> <p>16 A. It doesn't say Freedom Rain. 17 Q. Actually, Freedom Rain and 18 yourself.</p> <p>19 A. Not me. I don't have anything to 20 do -- I'm not Freedom Rain.</p> <p>21 Q. That's why I said Freedom Rain. 22 A. You said defendants and you sued 23 me.</p>
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<p>1 the center, they wouldn't be so -- they 2 wouldn't need it as quick as Traci because 3 Traci worked outside the center and she 4 needed her money quicker. But we get 5 everybody paid the second we can.</p> <p>6 Q. Okay. So some people were not 7 paid as quickly as others based on whether 8 they lived in or outside the center?</p> <p>9 A. Right.</p> <p>10 Q. Is that correct?</p> <p>11 A. If we got in \$500 and Traci had 12 come to Melinda and said: I really need it, 13 she would have gotten it. And when she left, 14 she got everything she was due.</p> <p>15 Q. My question is different from 16 that. My question is -- if I am 17 understanding what you are saying -- I want 18 to make sure I get it correctly. You're 19 saying some people were paid faster than 20 others sometimes, depending on whether they 21 work inside or outside the center; is that 22 correct?</p> <p>23 A. If they lived in the center and</p>	<p>1 Q. I'm rephrasing a little bit since 2 you said it wasn't you. 3 Are you denying that she was not 4 paid overtime in excess --</p> <p>5 A. Nobody is, and she never asked, 6 so that will take care of 21 too. She never 7 mentioned it.</p> <p>8 Q. To you?</p> <p>9 A. Or to Melinda that I know of. 10 Melinda never brought it to me.</p> <p>11 Q. And had it been brought to you, 12 you would have paid it?</p> <p>13 A. I would have sat down with Traci 14 and discussed it for sure.</p> <p>15 Q. What would have been the outcome 16 of the discussion?</p> <p>17 A. I would have told her never to 18 work over 40 hours. That's what I've done 19 now.</p> <p>20 Q. Okay. Did you ever have any 21 client reps come to you and say: Gee, why 22 aren't we being paid overtime?</p> <p>23 A. I don't remember. I don't think</p>

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1 so. 2 Q. Factual Allegation 23, it says: 3 Ms. Jones's primary duties did not include 4 the exercise, discretion, and independent 5 judgement with respect to matters of 6 significance. Do you contend that she was 7 able to exercise discretion and independent 8 judgment -- 9 A. Where the clients were 10 concerned -- 11 Q. -- with regard to significant 12 matters? 13 A. -- where the clients were 14 concerned, absolutely. 15 Q. And what source of discretion 16 could she use? 17 A. When they went on passes. 18 Just -- you know, what classes they attended, 19 what was happening with this judge or that 20 judge. Traci went to court some. 21 Q. Was she required to go to court 22 with clients? 23 A. Not required. But she -- she	1 they do. But sometimes the judge would want 2 to know how she's doing in a program or 3 something like that. We try our best to keep 4 them out of jail. 5 Q. So Traci's job would be to 6 explain how they were doing in the program? 7 A. Yeah. 8 Q. Did she do anything else for the 9 clients in court? 10 A. I don't know. 11 Q. Did you ever ask her to go to 12 court with a client? 13 A. I didn't personally. I don't 14 know if Melinda or Lindsay did. Traci 15 represented the clients very well in court, I 16 heard. I had never been with her. 17 Q. Who are the client 18 representatives that you have working? 19 A. Now? 20 Q. Yes. 21 A. Michelle Ragsdale, Melissa Bruce, 22 Quincy Beckwith, Deborah Jones, Iris Weaver, 23 Melissa Pierce, Miranda Williamson, Tammy
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1 wanted to. She liked to. We had other 2 people that could go. 3 Q. Was she asked to go to court with 4 clients? 5 A. I don't know if she was asked or 6 not. 7 Q. Did -- did Freedom Rain ever 8 collect money for fines to be paid on behalf 9 of clients? 10 A. I don't think so. I don't know 11 so. Occasionally, clients have money that's 12 on the books and they might say, because they 13 are very bad at holding on to it, they might 14 get it put in the safe or something like 15 that. I don't really know about that. 16 Q. Why would client representatives 17 go to court with clients? 18 A. So they don't get put in jail. 19 Q. The client representatives do not 20 have attorneys -- appointed attorneys or 21 retained attorneys? 22 A. Sometimes they did and sometimes 23 they didn't. Most of the time, I'd imagine	1 Waldrop. That's all that I can think of. 2 Q. Okay. Now, were there any -- any 3 of those ladies that you mentioned not there 4 when Ms. Jones worked for Freedom Rain? 5 A. I don't remember. 6 Q. Do you remember any that have 7 left that worked there when Ms. Jones was 8 there? 9 A. Melissa Stuckey. 10 Q. Anybody else? 11 A. Nobody else that I remember. 12 Q. Do you know a Sherry Stanridge? 13 A. Uh-huh. She's at the center now. 14 Q. That was my next question. Is 15 she a client, or does she work there? 16 A. Client. She relapsed this week. 17 Q. Is she working as well as being 18 at the center? 19 A. No. 20 Q. When you say she relapsed this 21 week, she went back to the center just this 22 week? 23 A. No. She's been in and out so

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1 many times. She's had relapses. She's a 2 real good girl and I'd like to help her. But 3 she had a foul-up this week, so she had to go 4 downstairs.	1 A. No. 2 Q. Is there a management handbook? 3 A. Yes, sir. 4 Q. And have you read that? 5 A. Yes, sir. 6 Q. Do you have a copy of that? 7 A. No. 8 Q. Who has a copy? 9 A. Probably Rosie, or Bob. 10 Q. Did you have any involvement with 11 the development of the management handbook? 12 A. Just a very general, a general 13 one. 14 Q. My question is: Did you have any 15 involvement? 16 A. I don't remember. 17 Q. Do you remember when it went into 18 effect? 19 A. I don't remember. 20 Q. Do you have any feel of whether 21 it was more than two years ago? 22 A. I don't know. 23 Q. No -- no sense at all?
1 case? 2 A. Any what? 3 Q. Statements of any potential 4 witnesses in this case? 5 A. No. 6 Q. Does Freedom Rain have a 7 handbook, an employee's handbook? 8 A. Yes. Melinda has it. 9 Q. Do you know if Ms. Jones was ever 10 given that employee handbook when she was 11 employed there? 12 A. I don't know. 13 Q. Do you know if that employee 14 handbook was in effect when Ms. Jones was 15 there? 16 A. I don't know. 17 Q. Did you have any involvement with 18 the employee handbook? 19 A. No. Except for what holidays 20 that we were taking and maybe a few little 21 questions. I don't remember. 22 Q. Have you ever read the employee 23 handbook?	1 A. No sense at all. 2 Q. Is Melinda Megahee provided a 3 vehicle by Freedom Rain? 4 A. No. 5 Q. Are there any policies and 6 procedures regarding how the board of 7 directors operates? 8 A. Their governing board. They -- 9 Q. Governing board. 10 A. Yeah. They have bylaws. 11 Q. Have you ever read those bylaws? 12 A. Yeah. 13 Q. Do you have a copy of them? 14 A. Not with me. 15 Q. Okay. I mean, you ave a copy 16 back at your office? 17 A. Yeah. 18 Q. I think earlier your attorney was 19 saying Freedom Rain had met the requirements 20 of the state to be a nonprofit; do you recall 21 that? 22 A. Yeah. 23 MR. DONALDSON: I don't recall
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1 saying that. 2 Q. Do you -- is Freedom Rain 3 registered with the State of Alabama to be a 4 nonprofit? 5 MR. DONALDSON: You don't 6 register with the State of Alabama to become 7 a nonprofit. 8 A. I don't know. 9 Q. What is the -- 10 A. Anything that's required, I'm 11 sure we have done it. 12 Q. Do you know about any documents 13 being produced to anybody for Freedom Rain to 14 become a nonprofit? 15 A. Say that again. 16 Q. Yeah. Do you know of any 17 documents produced for any -- any entity for 18 the purpose of Freedom Rain being considered 19 a nonprofit? 20 A. Well, yeah. All the time. 21 Grants, you have to produce it to grants. 22 And sometimes donors will ask for it. 23 Q. I am asking: What did Freedom	1 documents other than the 501(c)(3) documents 2 provided to the IRS? 3 A. I don't remember. 4 MR. TALTY: Dave, you've 5 instructed your client not to answer two 6 questions. 7 According to my notes, one was 8 instruct her not to answer questions about 9 who makes a determination as to the value of 10 in-kind gifts. 11 And the other one was a question 12 about whether or not Ms. Spahn had any 13 knowledge about any ongoing Internal Revenue 14 Service investigations. 15 If you want to -- I'll either ask 16 those questions, or if you want to hold to 17 your instruction not to answer, I just want 18 to hold this deposition open until we get a 19 ruling from the judge. 20 MR. DONALDSON: I am going to 21 instruct her not to answer questions 22 regarding whether or not there is some 23 ongoing criminal investigation.
1 Rain do to be -- to be considered a 2 nonprofit? 3 A. Well, God. There is mountains of 4 paperwork. 5 Q. I am not talking about individual 6 grants because they're, if I'm 7 understanding -- 8 A. No, no. There is mounds of 9 paperwork to become a 501(c)(3). 10 Q. Okay. Other than to become a 11 501(c)(3), documents that were provided to 12 the Internal Revenue Service, were there any 13 other documents provided to anybody for 14 Freedom Rain to be considered a nonprofit? 15 A. I don't know. I don't -- I 16 know -- 17 MR. DONALDSON: If you don't 18 know, say you don't know. 19 A. I don't know. 20 Q. You don't recall any such 21 documents being sent to the State of Alabama? 22 A. I don't know. 23 Q. You don't recall signing any such	1 What's your other question? 2 MR. TALTY: The other one was, I 3 had asked a question about who in the Freedom 4 Rain organization made the determination as 5 to the value of in-kind gifts. 6 MR. DONALDSON: Well, go ahead 7 and answer that. I don't want to -- go ahead 8 and answer. Whatever that -- I don't -- if 9 you know, answer the question. 10 A. It's nothing. It's no big deal. 11 Whoever is in the department and the donor. 12 There are certain guidelines acceptable to 13 Internal Revenue. There's books. It's all 14 over the Internet. You can get that. Or you 15 can -- when the donor gives, if they put a 16 value on it. If it's a car, there is another 17 form you have to fill out. I have don't do 18 any of it. 19 Q. Who does it? 20 A. Well, it depends on what 21 department. If it's the procurement 22 department, they would do it. If it comes in 23 the front door, then we did have it printed

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1 out for the people to figure it out 2 themselves. We have in-kind donation, some 3 kind of form they get.	1 that, of course, you will come back if the 2 judge orders it, which I understand is pretty 3 obvious.
4 Q. And so there's no specific person 5 in each department?	4 MR. DONALDSON: If the judge 5 orders me to, I'll stand on one foot and hop 6 up and down.
6 A. I just said.	7 (Recess taken.)
7 Q. You didn't mention any names. 8 I'm asking you if there was specific persons, 9 the name of a person who would do that.	8 Q. Ms. Spahn, back when Freedom Rain 9 was formed and you started with a governing 10 board, who selected the governing board 11 members?
10 A. I am sure Stephanie Smith in 11 procurement; Rosie Mullin in accounting; the 12 donor, whoever that was, if they have a 13 receipt -- it's just like if you give 14 something to Goodwill, you put your value on 15 it and you get the receipt. And it's on the 16 Internet. You should have enough sense to be 17 able to go and figure out what your items are 18 worth.	12 A. When you start -- when the 13 nonprofit came over, I think Bob Prescott and 14 I made the decision on the original four or 15 five.
19 Q. Now, when those receipts are 20 brought in, they are brought in to the people 21 of -- like whoever is the head of procurement 22 and they sign off as to that value; is that 23 what you're saying?	16 Q. Thank you. That's it. 17 A. But none of them are related to 18 me.
	19 20 ~ooOoo~ 21 The deposition of 22 BRENDA LOVELADY SPAHN 23 concluded at 1:45 p.m.
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1 A. Yes. 2 Q. All right. Other than the 3 question about the Internal Revenue Service 4 investigation, I don't -- I don't have any 5 questions. I'll hand you back to David if 6 you have got any questions. 7 MR. DONALDSON: No questions. 8 MR. TALTY: Before I forget, 9 there's one outstanding issue on file. Yeah, 10 I just want to put on the record we're 11 holding this deposition open for a possible 12 decision by the judge regarding a question of 13 Ms. Spahn about any Internal Revenue Service 14 investigations that she may be aware of, 15 whether there are any ongoing Internal 16 Revenue Service 17 investigations that she is aware of. 18 MR. DONALDSON: That's not -- 19 what he just told you isn't an agreement, 20 it's just a statement he's making. And he 21 can, obviously, say anything he wants to. 22 MR. TALTY: I think -- I want to 23 get on the record. Now, you made a statement	1 on April 10, 2009 2 ~ooOoo~ 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23

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10 I further certify that I am neither
11 attorney or counsel for, nor related to or
12 employed by any of the parties to the action
13 in which this deposition is taken; and
14 furthermore, that I am not a relative or
15 employee of any attorney or counsel employed
16 by the parties hereto, or financially
17 interested in the action.

18 IN WITNESS WHEREOF, I have set my
19 hand this the 21st day of May, 2009.

20 Deborah K. Munago, ACCR #590
21 Court Reporter
Notary Public

23 My Commission Expires: December 19, 2012.